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SPECIAL FEATURES

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THE

BANKERS' MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIRST YEAR JULY, 1907 VOLUME LXXV, NO. 1

THE NEED OF RETRENCHMENT.

RETRENCHMENT was the key-note of the address of President McDougal at the convention of the New York State Bankers' Association on June 27. After referring to the present activity in business, he said:

"Until very recently not one admitted that his judgment dictated any policy of retrenchment. Gentlemen, we cannot hold the present pace. We should not hold it, even if we could. If our depositors do not realize this, our unpleasant, but perfectly plain duty is to curtail their accommodation lines and force retrenchment. We are in an era of extravagance, both corporate and individual, of extravagance in enterprise and of extravagance in expenditure; extravagance as much beyond precedent as is our feverish business activity. No matter what this country's book profits are, it cannot accumulate capital without thrift, and to-day thrift appears to be forgotten. At least a moderate amount of what is popularly known as 'hard times' is the only cure."

As the experienced mariner sees danger to his ship long before his passengers are aware of it, so the banker discerns signs of financial storms or calms when the commercial community desires to push ahead at full speed, oblivious of the indications that ought to give warning of impending trouble. These signs have been so plain of late that it is difficult to understand why they should be longer disregarded; but if they are, it is clearly the duty of the bankers to do what President McDougal advised—to force a curtailment of business. Continuing his address, he said:

"An employer of skilled and unskilled labor reports that in his trade wages are thirty per cent. higher than a few years ago and the product of a day's work considerably less. He estimates that he gets very little more than half as much work for a dollar as formerly. No doubt men in this audience can name trades in which the daily wages have nearly or quite doubled in ten years, while the daily product has decreased. Many men do not work every day. Some earn enough in three or four days to supply their needs for a week. Here is a two-fold economic waste. A workman does not do a full-day's work for a full day's pay. He does not work full time. No doubt many, perhaps most, men work full time, but very few do a full day's work for a full day's pay—such a day's work as could easily be done, as in all honesty and fair dealing should be done. Now, this waste produces inflation of values analogous to the inflation produced by watering stock and bond issues of corporations. This inflation must inevitably be reckoned with. When the day of reckoning comes the values of all properties will shrink to their true cost basis. This adjustment of values cannot occur without accompanying disturbances of credit and consequent business troubles. Every good business man knows that the end of constantly rising prices must some time be reached, and that when that time comes prices will not remain stationary at the high level, but will start on the long expected decline. Business men should not dread but should welcome that time. We are not to-day on a sound basis. We cannot get back to a sound basis until we have a decided check. The longer that check is delayed the more severe will it be."

This check upon enterprise, while essential to the recovery of healthful conditions, does not imply that the production and exchange of commodities shall be greatly curtailed or that new constructions shall cease altogether. It only contemplates that such restraints be imposed upon business activity as may be necessary to bring it within prudent limits. Rome was not built in a day, and it is not indispensable that we should cover the earth with skyscrapers in a single decade. We do not all need to buy automobiles in 1907. There will be another year, and the 1908 styles may be an improvement.

Our system of redepositing bank reserves was thus criticised by President McDougal:

"Expansion is not confined to the industrial and commercial world. For years banking liabilities have been expanding out of all proportion to the growth of cash reserves. For several years there has not been a week in which all the New York Clearing-House banks have held full reserves, and frequently half, or nearly half, have been short. The same tendency prevails throughout the country. Is it not time for bankers to check this undue expansion, to prune this tree too luxuriant for its roots; this fabric of credit built on an inadequate foundation of reserve? Consider that our reserves consist largely of balances due from other banks. The system of reserve agents, both in our state and national banking systems, with which you are all familiar, the abolition of which would be opposed by most if not by all of the bankers in this room, contains possibilities of serious trouble; nay more, invites serious trouble.

For instance, a state bank, near Buffalo has an account with a trust company in Buffalo. The bank receives a deposit of ten thousand dollars. It redeposits the amount with its reserve agent, the trust company; the trust company redeposits the amount with its reserve agent, a state bank in Buffalo; the state bank redeposits the amount with its reserve agent, a correspondent in Albany, and the Albany bank redeposits the amount with its reserve agent, a correspondent in New York city. Here is one $10,000 deposit, multiplied by five, swelling deposits in this state by $50,000, and swelling so-called reserve by $42,500—against which the only cash reserve held is that of the New York bank, amounting to $2,500.

Is not this inflation? This is no imaginary case. Of course, each bank is supposed to keep a very small part of each deposit in reserve, in cash, but it frequently happens that each bank in the chain has a little surplus cash reserve, and that the operation is exactly as stated.

Now, what happens? The country depositor draws on his bank for $10,000, the country bank on the trust company, the trust company on the Buffalo bank, the Buffalo bank on the Albany bank and the Albany bank on the New York bank. Deposits shrink $50,000; $42,500 of reserve vanishes.

Thousands of such operations occur daily, the countless ramifications of which are so interlaced that their effects are widely felt. In ordinary times these operations pass without notice. When our next financial disaster comes they will cause widespread disturbance and promote panic. We should remember that most of the reserve cities in the national system have sprung up in recent years, and were not in existence during the panic of 1893. The system has not stood the test of a financial crisis. I know that country bankers desire interest on their reserve accounts, and that banks in reserve cities desire such accounts. Nevertheless, I advocate that whatever reserve may be required by law, that reserve shall be in cash in each bank's own vaults, and that the present system of reserve depositaries, both state and national, be abolished as most unsound and dangerous."

This "watering" of bank reserves has been frequently objected to as constituting an unsound element of our banking system. Whatever justification there may have been for it at the time of its adoption, based upon the comparative scarcity of coin, no longer exists, and there is no doubt that if the banks were required to keep their reserves in their own vaults it would conduce to financial stability. Furthermore, if the large cities were deprived of the use of the reserves of the country banks, stock speculation would be greatly checked, since the call loan market would be deprived of one of its principal resources. But it is not only the reserves of "country banks" that are so used. These institutions also make a practice of sending their idle funds to their New York correspondents to be lent directly, on a commission basis.

But while the foregoing is true, and it would probably be better, upon the whole, if the redeposit of reserves were abrogated or greatly modified, this system is by no means an unmixed evil. It economizes the use of money (possibly to the danger point), and it especially permits the marshalling of the country's cash funds at the chief money centres there to be available for the demands of trade and industry. Speculation really constitutes but a small fraction of the business calling for banking accommodation—so small, in fact, that were its importance proportioned to the volume alone, it might be disregarded. The demands made upon the money markets of the chief centres are far from being purely of a local character. New York, Chicago, St. Louis and the other large cities receive calls from every part of the country, and a concentration of money at such places may thus be of more benefit to the commercial and industrial interests of the country—rendering the money more available for capitalistic purposes—than if the funds were scattered among the 6,000 national banks.

So far as the "country banks" themselves are concerned, it does not make any difference, practically, whether their reserves are in their own vaults, or deposited with their reserve agents, so long as the latter respond quickly to calls made upon them. The ability of the reserve city banks to do this has been demonstrated so often as to be beyond question, at least in the absence of a money panic. Mr. McDougal calls attention to the fact that by the multiplication of the number of reserve cities in recent years, however, a new and uncertain element has been introduced. We cannot say precisely how some of these cities might stand a little extra strain. Time will determine whether it was wise to extend the reserve city privilege as has been done, or whether it would have been better to confine it to the more important cities and to banks of large capital.

The redeposit of bank reserves, particularly at New York, adds to the volume of money seeking a loan market, at dull seasons, and thus tends to engender speculation. This defect would be lessened if the bank notes were susceptible of prompt retirement; and, on the other hand, if the banks could issue credit notes the disturbances now caused by the calls for a return of reserves to the outlying banks could be greatly reduced.

The present method of redepositing reserves, therefore, while open to more or less serious objections, yet has some compensating advantages. The question is not at all one-sided, and will bear careful examination in all its aspects before any change is made.

Mr. McDougal vigorously protested against counting national bank notes as reserves, and declared that banks should keep their reserves in the world's best money. He also defined the true character of a bank note, and expressed the opinion that at present we had too much money, in consequence of which gold was leaving the country.

This address throughout was characterized by a rare insight in regard to existing conditions in banking, industry and trade, and by a thorough comprehension of what is needed to adjust the bank note system to business requirements.

COMPLAINTS are frequently heard that our legislative bodies are gradually relinquishing their prerogatives to executive control. There seems to be some ground for these complaints, inasmuch as Congress and some of the legislative bodies in the several states have fallen under the domination of forceful executives. It would probably be erroneous to conclude from this fact that it affords any ground for believing that the people themselves are less influential in controlling legislation than they were formerly. On the other hand, the opposite is probably true. For some years past the control of the party organizations has been largely in the hands of state and Federal bosses who directed the legislative proceedings with regard to their own political and personal aggrandizement, the welfare of the people being treated as of subsidiary importance. Of late, however, public indignation has been aroused to a high pitch over certain disclosures that have been made, and in several of the states men of such a strong individuality have come forward that they could afford to appeal directly to public opinion and defy the bosses. Striking illustrations of this are afforded in the careers of President Roosevelt, Governor Hughes, Governor Folk of Missouri, former Governor LaFollette of Wisconsin, and others. These men, by their strong individualities and the confidence as to their motives and the reliance in their honesty on the part of the public, have exercised a tremendous influence upon legislation. This has by no means resulted in a loss of legislative authority on the part of the people, but is indicative of an increase in popular power. These men have been instrumental in carrying measures through the legislatures that were unquestionably demanded by public opinion, and but for their forceful personalities such legislation could not have been secured.

While the apparent usurpation of legislative functions by executive authority has in the instances cited generally been of benefit to the public interests, it would not be safe to conclude from this that it is wise to relegate the direction of legislative functions to executive authority. For if this should be done, the several executives might in time become bosses of a type differing little from those whose overweening ambition and concern for their personal aggrandizement have been the source of so many of our political evils. The best guarantee for maintaining the rights of the people will be found in restoring the instrumentalities of public control directly into their hands. The nominating systems in vogue in many of the states have been responsible for a number of serious abuses, and these can only be corrected by depriving the political boss of his power to manipulate the political machinery so as to control nominations for legislative and other offices. If the people had the power of making direct political nominations, it is hardly conceivable that they would send to the legislatures men of the type of those who have recently brought legislative bodies into popular contempt.

IN the higher circles of banking, among those who are supposed to comprise the elect and the knowing, are to be discerned signs of a movement that is fraught with no inconsiderable consequences to those members of the banking fraternity who are somewhat compassionately alluded to as "country bankers." Within the exclusive circles referred to sundry nods, winks and apologetic coughs are being exchanged whose purport is that the country banks could not be safely entrusted with the function of issuing circulating notes based upon the credit of the issuing banks. Of course, such a view is wholly disinterested and has its origin in a desire to protect the country from the evils of an unsound currency! Those who are behind this new movement are very generously planning a semi-Government bank that shall have the exclusive power to issue circulation, and will also, probably, be the only bank that can qualify as a depository of public moneys. Those who are so solicitous about the soundness of the country's bank-note currency can, no doubt, be prevailed on to become directors and officers of the new institution which they propose to organize, and it is thought, by the more confident, that they may possibly consent to receive, if not a salary exactly, at least an honorarium, preferably in a lump sum, for their services.

Can it be that the progress of a reform of the bank currency has been purposely halted until a sentiment can be worked up favorable to the creation of a central bank of issue? And is it part of the programme to attack the solvency of the majority of the banks of the country? And if so, who is to benefit by carrying out these plans—the people, the banks, or only certain "interests" that will control the proposed central bank? These questions may appear to be inopportune now, but those who watch later developments will realize their pertinence, possibly when it is too late.

If it could be shown that a central bank were necessary to provide for the issue of bank notes, to aid in steadying exchange, to take care of the Government's receipts and disbursements, and to exercise more or less general regulation of the money market, the discussion in regard to the establishment of such an institution could be carried on without prejudice or passion and irrespective of what Andrew Jackson did to the Bank of the United States.

But if it is sought to set up an institution of this character on the pretext that the banks of the country, collectively and individually, are not strong enough to be trusted to issue notes on their own credit; or, worse still, if the suspicion becomes current that a central bank is proposed chiefly in order that certain financial interests may use it as a means of tightening their grip on the commerce and industries of the country, then the people will make short work of the central bank idea.

DEEP regret will be felt among bankers and the business community generally over the news that the Federal Government has decided to interfere with the free circulation of the portraits of Mayor Tom Johnson of Cleveland. The circumstances, as related in the cold and unimaginative language of a newspaper dispatch, are as follows:

"Not long ago Mayor Johnson established the Depositors' Savings and Trust Company under the extremely liberal banking laws of the state of Ohio. The bank being established, the Mayor, as a good man of business, desired to advertise it, and he thought to kill two birds with one stone by adding a political postscript to the advertisement. He devised certificates of deposit in the shape of bank notes, each decorated with an engraving of himself.

These certificates were made out to bearer, or could so be made and readily interchanged. The plan succeeded. The certificates were issued in all values from $1 up, they circulated, they advertised the bank, and they advertised the Mayor. But some of the envious Cleveland bankers, who were conducting a banking business under the strict regulation of the Federal act that applies to national banks and their circulation, grew peevish. One of them mailed a Johnson certificate to Secretary Cortelyou of the Treasury Department, with an inquiry as to whether this was not a circulating medium rather than a certificate of deposit.

The Secretary referred the matter to the Commissioner of Internal Revenue, who pronounced the certificate a circulating medium—in short, a bank note. Under the act of February 8, 1875, there is a tax of ten per cent. on such, except those issued by national banks in the regular way.

The Collector of Internal Revenue in Cleveland has been notified to find out how large a circulation of Mayor Johnson certificates was issued. The Government will then proceed to collect the tax."

We can not believe that it was any of the Cleveland bankers who called the attention of the authorities to these certificates. It must have been some of the enemies of three-cent railway fares. Whoever did it had no sense of the beautiful. The Mayor possesses beauty as well as bulk, and the circulation of his portraits among the people would have been a public benefaction. But would the certificates actually circulate? Would they not be hoarded and treasured for their artistic value, instead of being put into use as a medium with which to buy potatoes, cabbages and other necessaries?

Though defeated in the attempt to circulate his portrait in this particular form, Mayor JOHNSON may yet take heart. He can put his picture on the checks and drafts of his bank without paying a tax to the Federal Government.

ALTHOUGH the world's financial machinery is already of a complex character, a new class of institution is proposed by Mr. W. R. LAWSON in a contribution to the June number of the London "Bankers' Magazine." This is a "bank for scientific research," whose chief function shall be to investigate opportunities for the profitable employment of capital, particularly along the lines of scientific discovery and invention. Mr. LAWSON sees great possibilities in the way of interest and excitement in a bank of this character. Perhaps the average American banker can discern just around the corner possibilities enough of this sort, and he has no wish to increase his store. Banking in the United Kingdom is more of a humdrum business than it is in the United States, and a little enlivening of this kind might be a good thing.

What a vast scope for its operations such a bank would have! Wireless telegraphy is just emerging into the field of commercial possibilities; telephoning over seas remains to be perfected. Then there is the field of aerial navigation; and in the application of invention to industrial processes, what endless sources of profit may be opened up!

True enough, all these speculative fields are outside the domain of legitimate commercial banking. They can be styled nothing more than speculative possibilities. Yet some of them will undoubtedly assume practicable shape within the near future. They are no more chimerical than the locomotive, the telegraph and telephone were a century and less ago.

It can hardly be questioned that many millions are lost annually in investments in unsound enterprises, solely for lack of the adequate machinery for conducting expert examinations as to the value and management of the property on which the securities are based. Such machinery does exist for testing commercial credits, for establishing the legality of municipal securities and the probability of their payments; but there is no well organized and thoroughly equipped agency for expert investigation of the opportunities for safe and profitable investment. It has been said that a large percentage of the purchase of railway stocks is made on the assumption that the fool who buys can always find a bigger fool to whom he can sell—an assumption which, in ordinary times, proves to be correct.

Obviously, the first consideration that should govern in making an investment is security, and this can not be determined without a searching examination of the value of the underlying property, and outside a few of the large banks and bond houses, no one is able to make such an examination. Organized systematic means for finding out the true value of securities, and conveying this information to investors in intelligible shape, and with a due sense of responsibility, does not exist.

The investment of money which, next to being born, getting married, and dying, is perhaps one of the most important and serious matters of our lives, must be done at the risk of falling into the trap of the high financier or the swindling promoter. Of course, there are honest promoters as well as the other kind; but their chief concern is, of necessity, to interest capital, and to sell shares, not to protect the interests of investors.

An organization, formed on the proper basis and under the right kind of management, could do much to curtail the losses resulting from unsound investments. Even in a business like that of mining, which is largely speculative, the element of dishonesty could be eliminated, and that alone would be a great gain.

An International Finance Company might be organized, with headquarters in London or New York, whose prime object would be, as Mr. Lawson suggests, to render reasonable encouragement to invention and discovery, as well as to seek out and investigate, in the most searching manner, opportunities for safe and profitable enterprise in all parts of the world, and to aid in securing the attention of capitalists to such openings. The marketing of our own securities abroad could be rendered easier and more advantageous, and the investment of American capital in other countries and at home, be made with greater safety and enhanced profit, if a company of the character indicated were organized with a capital and management that would command public confidence.

NEARLY every magazine and newspaper in the country has been for some months engaged in revealing to the public the shortcomings in our railway management, financial and otherwise. Statesmen and politicians, from the President on down through the list, have been insistent in pointing out what remedies are to be applied for correcting the evils about which so much has been heard.

Unfortunately, a great deal of bitterness has been shown on both sides, and this must make a just settlement of these vexing problems all the more difficult. Nor does it help matters much to say that the railroads themselves, by refusing to conform to sound principles, have invited a policy of retaliation.

The ethical standards and the financial policies of some of our great railway corporations have not only shown a deplorable disregard for the rights of the public and of their own stockholders, but they have been at variance with ordinary common sense. The attitude of the railroads toward the public has too often been one of indifference or contempt.

Both the ethical standards and the financial policies seem to be in a fair way of being improved, not voluntarily but by legislative compulsion and under the pressure of public opinion. There is, here and there, some slight evidence that a very few of the railway managers are seeing that the public is not an enemy to be cheated or treated unfairly, but a friend—almost a partner—whose interests are worthy of respect. If a recognition of this fact should become general, it would do more than anything else to bring about harmonious relations between the railroads and the people. It should be said, in fairness, that some of those who are so eager to punish the railroads are equally blind in failing to see that the railroads can not be harmed without hurting the public at the same time. Bankers generally, and of course many others, realize this, and they understand also that it is essential that the railroads shall be able to procure loans to aid in constructing new lines and in meeting increased demands for traffic facilities. There is, at present, some distrust of railway securities, for which the railways are themselves primarily to blame. But since the conditions that gave rise to this distrust are now in a fair way of being corrected, anything that would serve further to shake the confidence of investors in railway securities ought to be avoided.

Some of the legislation proposed by those in authority at Washington and laws actually passed by several of the state legislatures tend to add to the prevailing distrust. Arbitrary reduction of fares and rates, coupled with a demand for increased service; "physical valuation" as a basis of rates; plans for preventing overcapitalization without knowing definitely what overcapitalization is—all these factors tend to create uncertainty in the minds of investors in regard to the future value of railway securities.

Of course the difficulties which the railroads are experiencing in procuring capital are not wholly due to the special causes to which we have referred. There seems to be a world-wide hunger for capital, and the railroads are feeling it more than other enterprises, partly on account of the special circumstances mentioned but more because their necessities are greater.

When there is such a universal chorus of criticism of our railways, it is believed that the interests of fair discussion alone demand that something shall be said on the other side. In the June number we published an address by President FINLEY of the Southern Railway Company asking for a better understanding between the railways and the people, and in this issue the subject of "physical valuation" is considered in a special article. Later papers will treat of "overcapitalization" and other railway problems.

The prosperity of the people and of our great railway systems is so intimately connected that it can not be assumed that any responsible person would deliberately advocate a legislative policy that would cripple or perhaps destroy the efficiency of our great railway systems. Regulation, however well-intentioned, may do much harm if new and untried methods are adopted without adequate consideration. Heretofore the discussion has been rather too one-sided to enable the people to reach correct conclusions.

The commercial banks, trust companies and savings banks hold large amounts of railway bonds among their assets, and these institutions would be injuriously affected by any material falling off in the value of railway securities. If fresh capital can not be procured for building new lines and maintaining or increasing the efficiency of existing ones, the production and exchange of commodities will be seriously hampered and our prosperity checked.

ASTRONOMERS who have made careful observations of the planet Mars tell us that the planet is inhabited and that its surface is covered with canals, running from north to south. It is believed that these canals are used, primarily at least, for irrigation purposes. This belief receives apparent confirmation from the changes taking place near the canals with the variations of the seasons. As the polar snows begin to melt, filling the canals and irrigating ditches with water, the land in the vicinity gradually takes on a darker hue, attributable, it is thought, to the growth of vegetation.

These scientific discoveries open up some interesting possibilities which thus far appear to have escaped attention. In all the discussion about currency reform, no one seems to have seen how it is possible to retain a bond security for circulating notes and at the same time get the much-desired elasticity. This problem has disturbed many able minds. A way out of the difficulty seems to be in sight.

The building of the Panama Canal offered a means of adding some $200,000,000 to the volume of bank circulation, but evidently this is too narrow a limit, even though it will probably be increased several hundred millions before the canal is finished. There is, moreover, but one canal to be built, and at best the issuing of notes against the construction work cannot provide elasticity, inasmuch as there will be only an increase in the bonds, and no diminution for at least thirty years.

With the canals on Mars it is entirely different. Their number appears to be considerable, and as we understand that the Martians are an enterprising people, they will doubtless go on digging new canals every year. Thus, the basis for circulation will keep on increasing.

But the ingenious part of the scheme herein proposed is in adjusting our bank note currency to the seasonal requirements, and basing that adjustment upon the changes in the volume of water in the canals on Mars. Of course, everybody realizes, in a general way, that there is an intimate connection between the building of the Panama Canal and the bank circulation in the United States. The relation between the Martian canals and our circulating medium is equally clear. Therefore, it is only necessary to demonstrate how the latter may be made elastic.

The tropical climate on the Isthmus of Panama is favorable to a heavy growth of vegetation all the year round. There are not the same variations with the changes in seasons as are observable on our red neighbor. Is there not an obvious application to be made of this? What could be more logical than to base the circulation of our national banks on the canals of Mars, issuing so many hundred millions for each canal, and varying the circulation in accordance with the changing aspect of the vegetation along the lines of the canals? This variation, fortunately, would be less arbitrary than that now afforded by the fluctuations in the supply and price of United States bonds. The melting of the polar snows on Mars and the freshening of vegetation in the neighborhood of the canals takes place at a time approximating our needs for additional currency to move the crops. All we would have to do to make our Martian bond-secured currency elastic would be to increase the issue in the spring with the opening up of irrigation on our neighboring planet, and in the fall, as the atmosphere of Mars grows chilly, and the inhabitants begin to lay in their coal and potatoes, decrease the notes. The changes in the appearance of the vegetation along the canals would thus afford a sort of financial barometer for our guidance in increasing or diminishing the supply of bank notes. By adopting this simple expedient we should have a natural, automatic regulation of the bank note currency, and the subtle relations between canals and the circulating issues of banks would receive a practical illustration that would prove beyond all contention that canals and currency are linked together like the moon and the tides.

It is to be hoped that Senator Aldrich may give to this midsummer suggestion for currency reform the attention that it properly deserves. Should he introduce a bill in the Senate to carry it into effect, we shall magnanimously waive all copyright claims and give him whatever credit that may attach to our discovery.

AT a time when there is somewhat of a pessimistic tendency in financial circles here, it is encouraging to read an article like that which appeared in "The Statist" (London) of June 15 expressing the greatest confidence in American investments, particularly in our railways.

After pointing out that the agricultural and mineral resources of the United States have not yet reached the maximum of their development, "The Statist" says:

"But the signs that a period of relative repose is needed are supplied by the excessive demand for capital, the high rates of interest, and the difficulty experienced in obtaining capital for the industries upon which the future progress of the country really depends. There is nothing unsound in the existing state of affairs. The progress of the country has simply been at a rate greater than the supply of capital permits, and all that is needed is a period of relative rest in which the outlays upon non-essentials will be somewhat curtailed in order that an adequate supply of capital may be provided for the essential industries. To come from the general to the concrete it is evident that the amount of capital that is now being expended upon house construction is greatly in excess of the sums which the nation really needs to spend for this purpose, while the supply of capital for providing the transportation facilities absolutely necessary to take care of the traffic of the country is inadequate. How much of the new supplies of capital the American people will need to divert from the building and other trades not directly productive to the railway industry will in some measure be determined by the attitude toward the railway industry of the Federal and state governing authorities on the one hand and by the investors of Europe on the other."

It is probable that the anti-railway agitation has about expended its force, and a restoration of confidence in railway securities may be confidently predicted. Regarding the replenishing of our supply of capital, and the part to be taken in this process by Europe, "The Statist" says:

"The demand for capital in the United States being now in excess of the supply, the question to be considered is how the supply can be adjusted to the demand or how the demand can be diminished to the supply. In the spring of last year the conditions indicated that the supply would be increased by the introduction of a considerable amount of European capital. The promise of a flow of European capital to the United States has been, however, as yet only very partially realized. The Pennsylvania Company placed $50,000,000 of bonds in Paris, but this amount was small in comparison with the sum needed. Further, several railways have issued notes for terms of one, three, and five years by which they have temporarily obtained a moderate additional amount of capital from this side. But this capital is not investment capital; it is a floating loan which the railways will subsequently have to repay by raising capital from investors. That more capital has not been obtained from Europe is due to two conditions: First, owing to the recent wars the demand for capital has been very greatly increased, and Europe has not had any large amount available for investment in the United States; and, secondly, the recently great demand for loans for war and other purposes has raised rates of interest, and American railways have not been willing to sell bonds for long terms of years at the high rates demanded.

The quantity of European capital available for investment is now likely appreciably to increase. In recent years a very large amount of the savings of the creditor nations has been employed in financing, first, the South African war; and, secondly, the Russo-Japanese war. In the aggregate these wars involved the expenditure of some £700,000,000—$3,500,000,000. To provide for the expenditure following upon the Russo-Japanese war the Continent and Great Britain have in the past year provided over £100,000,000 of capital. These war outlays are now a matter of the past, and a much larger portion of the growing savings of Europe will become available for investment in reproductive enterprises offering remunerative rates of interest and affording ample security. It should, however, be recognized by every country desiring to obtain capital to supplement its own supplies that capital flows only to those States where it is considered to be safe and remunerative.

We are convinced that American railway companies are in a very healthy and strong condition, and that capital supplied to them would be fully secured, and that neither the Federal Government nor the state authorities would consciously pass any act that would endanger the capital invested in American railways, but the question is, Will European investors take this view? On the whole, we think they will. They are, of course, aware that the action both of the Federal government and of the state authorities in adopting measures designed to afford greater Governmental control of the railway industry has been much discussed, but President Roosevelt's recent speech at Jamestown and the action of Governor Hughes in vetoing the proposal for a maximum of 2 cents per mile passenger fare, which indicate that the authorities will not permit injury to the railway industry, have been reassuring, and we have no doubt that European capital will be again attracted to the United States, first, because of the excellence of the security offered; secondly, because of the remunerative rates of interest to be obtained, and, thirdly, because of the friendship which Europe as a whole entertains for the great American Republic.

Thus European investors may once more supplement America's own supplies of capital, and the trade of the country may consequently again show the usual rate of expansion in the next decade."

All this ought to be reassuring for the future, although its present value is chiefly sentimental.

BOLIVIA'S natural resources are the subject of an interesting and instructive article in this issue of the MAGAZINE, contributed by Senor CALDERON, the Bolivian Minister to the United States.

For centuries the rich mines of Bolivia have added immense sums to the world's mineral wealth, yet they are far from being exhausted. On the contrary, with the building of railways it is likely that the mineral production of the country will be enormously increased. There are numerous other sources of wealth hardly less important. The forests of rubber and hard wood; the products indigenous to the country and which are now largely imported into the United States by way of Europe; the vast areas suitable for grazing purposes—all these constitute the foundations upon which is being reared a stable structure of national prosperity.

The great variety of soil and climate, the wealth of raw materials and the multiplying wants of a population continually advancing in its requirements and in the ability to pay for them, must likewise afford excellent openings for manufacturing establishments. With the completion of the railway systems now under way—and which, through the energy of Minister CALDERON, is being done in part by American capital --large cities will spring up, and the country generally will undergo a development not unlike that which has taken place in the United States.

Of course, theorists tell us that our trade with the Latin-American countries can never be of much importance, because their products too closely resemble our own. Official figures contradict this view. Our trade with Latin America increased from a total of $234,000,000 in 1897 to $610,000,000 in 1907, and a movement is now setting in toward the southern countries that is destined to add to our trade with them in a still greater ratio in the coming decade.

Readers of THE BANKERS' MAGAZINE are fortunate in having the resources of Bolivia described to them by so eminent and conservative an authority as Minister CALDERON, who not only occupies a distinguished position in the diplomatic world, but has also been connected with large banking interests in his country, and before coming to the United States was Secretary of the Treasury in the cabinet of President PANDO.

Capital and enterprise receive their best rewards in opening up virgin territories, though somewhat keener judgment is needed to avoid an overreaching for profit. It is believed that Americans have the perception necessary to realize an opportunity for profitable business and the discretion to make a judicious use of it. That exceptional opportunities exist for the profitable employment of capital and enterprise in many of the Latin-American countries is undoubted, and that Americans will be content to see these opportunities taken up by others alone is not believable.

Papers like that of Minister CALDERON will serve an excellent purpose in calling attention to the resources of the South American countries. It is to be hoped that some of our bankers, representatives of commercial organizations, manufacturers' associations, etc., will be sufficiently interested to visit the various countries and make a personal investigation of their commercial possibilities. A better acquaintance between the peoples of the northern and southern continents would be of mutual benefit.

WHILE the complaints of the American Bankers' Association against the express companies are being investigated by the Interstate Commerce Commission, it might be well to push the inquiry a little further and find out something more definite about these companies. Some of them of late have been engaged in "melon-cutting" on a pretty large scale, the "melons" being supplied by the public and, possibly, by the shareholders of the railroads, although neither was invited to the feast.

Are the large profits made by these companies responsible, to some extent, for the high rates charged shippers? Are the express companies owned and operated by those closely affiliated with the management of the railways? Are the profits of the carrying trade, justly belonging to shareholders of the railroads, diverted to the owners of the express companies?

The carrying on of a "banking" business by the express companies interests only the bankers. An answer to the questions propounded above would interest every business man in the United States, and perhaps the holders of railway shares most of all.

REVENUES for the fiscal year ending June 30 show a surplus approximating $87,000,000, making with previous accumulations about $250,000,000. This is a much larger sum than is required for the demands of the Treasury, and the possession of so much money increases the power for mischief which the Secretary may exercise in his schemes for relieving the money market. Congress, on its assembling in December, should stop the issue of Panama Canal bonds, and provide that payments be made for the present out of the revenues. This would not only be more economical, inasmuch as it would save interest and check the inflation due to additional bank note issues based on the Canal bonds, but it would tend, to some extent, to undo the mischievous effects of large accumulations of surplus revenues.

BANK OF JAPAN.

THROUGH the courtesy of Ikutaro Shima, chief of the secretary's department of the Bank of Japan, THE BANKERS' MAGAZINE has received the annual report of the Bank for the year 1906. From the address of Governor Matsuo, delivered at the annual meeting of shareholders on February 16, 1907, the following statement is taken, showing the influence that may be exercised by a central banking institution in regulating interest rates:

"In July this Bank took steps to equalize the rates of interest, which had hitherto varied according to localities, at the head office and its branches, and further, at the same time, to abolish the premium habitually charged on bills of exchange drawn mutually between the head office and its branches, so that the rate of interest became everywhere uniform."

THE EXISTING MECHANISM OF THE NEW YORK MONEY MARKET.

BY CHARLES A. CONANT.

WITH the growth in the demands upon New York as a financial centre has naturally occurred the extension of the machinery for carrying on exchange, both by the expansion of old parts of the mechanism and the creation of new parts. As the creation of such instrumentalities went on in a measure *pari passu* with the demand for them, they contributed their share towards making the city of New York the undisputed centre of exchange in America. Among the parts of the mechanism contributing to this result which deserve some notice here may be named the reserve requirements of the national banking system; the extension of the functions and resources of trust companies; the operation of powerful foreign banking houses; the perfection of organization of the clearing house, the Stock Exchange, and the Stock Exchange clearing house; and the extension of the mechanism for gathering news of mercantile credit. All these agencies have worked in harmony towards drawing surplus resources and the financial operations of the country from smaller cities, once important, to New York.

Redeposit of Bank Reserves in New York.

While, even before the Civil War, considerable deposits were kept in New York by country banks, growing out of the import and export business and necessary operations in foreign and domestic exchange, it was the National Banking Act which consecrated by law this tendency towards keeping surplus funds in the metropolis. This act authorized national banks to count as a part of their lawful reserves money kept on deposit with national banks in New York. The banks of reserve cities were allowed to keep half of their required reserve of twenty-five per cent. in New York, while the country banks were permitted to keep three-fifths of their reserve of fifteen per cent. in national banks in any reserve city. Hence was given definite legal sanction to the principle of the redeposit of surplus funds in the financial centre, and the creation of a system of relationships similar to that between the country banks, the joint stock banks, and the central bank of issue in England, except that in New York there was lacking the central bank of issue with special powers which is found in the Bank of England.

For many years the reserves kept by country banks in New York were only such as were required to meet the many demands made upon them for drafts on New York in the course of current business and such additional amounts as might afford a reserve resource in case of emergency. The New York banks paid from one and a half to two per cent. interest on such deposits, which added something to the disposition of the country bank to increase them at such seasons of the year as there was no active demand for capital at home. With the formation of the large industrial combinations, however, the tendency was accentuated to increase such deposits. Such of these new corporations as were financed upon a sound basis found it no longer necessary to borrow on their commercial paper to the same extent as the private partnerships and smaller corporations from which they had been formed. They were at once able to carry on their transactions, to a larger extent than formerly, without reliance upon credit, and also felt under the necessity, in view of the magnitude of their operations, of keeping their funds either directly in New York or with the banks in other reserve cities with which they did business. In many cases also industries located far from New York and previously concerned only incidentally with New York banks, found it convenient to establish their financial headquarters in the metropolis. Hence came about the rapid increase after the revival of 1897 in the deposits of outside banks with the national banks of New York. The gross amount of such deposits early in 1890, as appears in the table below, was about $181,000,000. It had grown in 1900 to $337,000,000 and in 1905 to $574,000,000. This was the maximum point for several years in the gross amount of such deposits, but the total did not materially decline. It came to include, not only large reserve deposits from country banks under the national banking law, but similar deposits from state banks and trust companies away from New York, made in many cases under the sanction of state laws regarding reserves similar in character to the law regulating national banks. Deposits of this character for representative years appear in the accompanying table.*

These banking reserve deposits are an important factor in the recent expansion of the resources of New York banks, but they are only one of several factors which indicate the manner in which New York has gathered to herself the financial primacy of the United States. The resources of national banks in New York have not grown at a rate much more rapid than those of the national banks of the country, but New York has undoubtedly gained over formerly strong rivals and a part of the gain for the rest of the country has been spread out laterally over sections formerly undeveloped.

* As the table indicates, obligations of national banks to trust companies and savings banks were not separately stated prior to 1901. They were included for the most part under the head of "Amounts Due to State and Private Banks," as is shown by the shrinkage in the latter item when the items were separately stated. It is not improbable, however, that some of the obligations to trust companies and savings banks were lumped with individual deposits prior to 1901, so that the growth in the two items after they were separately stated may appear to be somewhat greater than the actual fact. A qualification of this kind, however, detracts little from the comparative value of the figures.

Obligations of New York National Banks to Other Banks.

Date.	Due to Other National Banks.	Due to State and Private Banks.	Due to Trust Companies and Savings Banks.
Feb. 28, 1890......	$132,153,883	$48,789,916	....
Mar. 1, 1892......	180,790,947	67,239,327	....
Mar. 5, 1895......	137,164,947	63,296,138	....
Feb. 28, 1896......	123,230,639	57,641,674	....
Feb. 18, 1898......	240,843,341	93,457,882	....
Feb. 13, 1900......	228,962,669	108,462,938	....
Feb. 5, 1901......	285,094,297	76,379,527	$115,666,821
Feb. 25, 1902......	280,143,382	78,631,486	113,809,652
Feb. 6, 1903......	267,800,429	72,116,870	114,648,379
Jan. 22, 1904......	269,619,228	72,971,618	135,514,319
Jan. 11, 1905......	290,468,525	83,757,041	199,823,107
Jan. 29, 1906......	285,815,239	88,840,306	148,202,909
Jan. 26, 1907......	309,315,507	84,548,146	126,541,010

Development of the Trust Companies.

The growth of resources of national banks affords only a partial index, however, of the increased banking power put at the command of New York captains of finance within the past decade. A new weapon has been forged in the trust company, which sometimes antagonizes national and state banking interests, but more often supplements and aids them. The trust company was organized primarily to supply the need for greater system in dealing with trust obligations. Even down to the present time, the trust company has not become important in Europe, where railway mortgages and similar obligations are in the hands of individual trustees. The formation of new railway corporations and the issue of new securities by old corporations in the process of combining and reorganizing after the panic of 1893, made it of the highest importance that issues of securities for such purposes should be carefully supervised. Acting as trustee, as registrar, and as transfer agent, the trust company afforded a security to the public which was not afforded by the old system of individual trusteeship and of registration and transfer at the office of the corporations issuing securities. Hence arose an important function which could not well be assumed by national banks. In respect to private trusts also, the trust company was found more satisfactory in many respects than individual trustees because of its continuing corporate obligation, its office force and vaults especially created for this service, and the greater security and uniformity of methods to which such an organization contributed.

Very quickly after their organization, however, trust companies added to their strictly trust function various forms of banking activity. Receiving at first deposits in trust, in accordance with their nominal purpose, upon which they paid interest, they became attractive to depositors for any funds which were not in daily use. Hence arose the certificate of deposit for a fixed term, upon which interest was given at rates ranging as high as three and occasionally even four per cent. From receiving these more or less permanent deposits, it was an easy step to receiving accounts which were more active. The stronger trust companies of the city of New York, however, did not as a rule compete either for active deposit accounts or for commercial loans. The fact that they paid interest on deposits absolved them from the obligation to accommodate their depositors with loans, which is tacitly assumed by a national bank dealing with mercantile clients. The trust companies, therefore, employed the funds at their disposal to a large extent in loans secured by the deposit of stocks and bonds. In this respect their policy did not differ from that of national banks, except that many of the stronger trust companies limited their operations to this type of loans and did nothing in commercial paper.

When trust companies assumed in a measure the banking functions which it was felt by the national and state banks belonged exclusively to them, some antagonism arose between these different institutions. It was not so acute in some respects as it might have been if many of the strongest trust companies had not been closely associated, through community of ownership and control, with the largest national banks. Thus, the National City Bank was in close alliance with the United States Trust Company, the Farmers' Loan and Trust Company, and the New York Trust Company; while common interests held stock in the National Bank of Commerce and in the Morton, Guaranty, Mercantile and Equitable trust companies. Notwithstanding this community of interest, however, the active managers of the banks secured the adoption of rules by the clearing house February 11, 1903, requiring trust companies which cleared through a clearing bank to maintain cash reserves equal to fifteen per cent. of their deposits. As this would have meant the withdrawal from active use of a large amount of capital, practically all the trust companies withdrew from the clearing house. They continued to keep large reserves in the form of deposits in the national banks, as indicated in the table printed above, and made their loans and other disbursements chiefly by means of checks upon these deposits.

The national banks having failed to force the trust companies to keep large currency reserves through the coercion of the clearing house, the matter was taken to the state Legislature at Albany and action was finally secured in 1906. The law passed was not in conflict with the views of conservative trust company officers, and for this reason fell considerably short of the demands of national and state banks. It provided that a trust company should keep a reserve of fifteen per cent. against deposits payable on demand, but this reserve might consist, at the option of the company, of one-third on deposit in national banks, and one-third in approved securities. A reserve of five per cent., therefore, was all that was required to be kept in currency and this was to be made up at various dates until the full amount required was reached on January 1, 1907. While from a strictly business point of view, a trust company officer would have preferred that no such requirement should have been imposed, and while the majority of the stronger trust companies simply locked up and put under permanent seal the amount of cash required in the largest denominations of gold certificates, yet it was felt that so modest a cash reserve was justified by the same considerations of prudence which governed the requirements of the National Banking Law and have caused so much discussion in regard to reserve requirements in Great Britain.

The Clearing House and the Stock Exchange.

Only by such machinery as that of the New York Clearing House would it have been possible to carry on the great transactions of the period of prosperity which followed the depression of 1893-'97. The clearing system is a development of a principle of a Roman commercial law known as *compensatio*—the setting off of a debt which one owes to another by a claim against him. This principle became familiar in merchandise transactions at the great fairs of the Middle Ages, but was not applied definitely to modern banking until the foundation of the Edinburgh Clearing House in 1760 and that of London about 1775. London banks down to about the latter date sent out clerks daily to collect from other banks the notes and other obligations of such banks which had fallen into their hands. This required each bank to keep a large amount of money and led the bankers to determine upon a common meeting place for their clerks for the settlement of balances.

A similar plan was proposed in New York by Albert Gallatin in a pamphlet published in 1831, but no definite action was taken until 1853. The number of banks in New York had increased from twenty-four in 1849 to sixty within four years. At first it was sought to obviate the difficulty and expense of having sixty porters on the move daily from bank to bank by permitting weekly settlements on Friday mornings, but this arrangement was taken advantage of by some of the weaker banks to borrow of the larger ones by drafts during the week, which were paid only on the eve of the settlement. Finally, after much confusion, a clearing house arrangement was made which took effect October 1, 1853.

The economy in the use of money realized by the clearing system has been in New York about ninety-five per cent. of the volume of transactions. Greatly as their aggregate has grown since 1863, the average daily balances over a year which have been paid in money have not been higher than 6.71 per cent. (in 1895) nor lower than 2.99 per cent. (in 1869). The variations have undoubtedly been greater for single days, and are subject to the accidents of exceptional balances for or against particular banks. It is not apparent that the proportion of net balances paid in money would be influenced materially by the state of business activity, for while individual banks might have larger credits against their associates than in periods of depression, these would normally be offset by large credits in favor of other banks, leaving net balances to be paid in money unaltered in their ratio to aggregate exchanges. The aggregate of clearing transactions is, however, greatly influenced by the state of trade. Clearings at New York were reduced in volume beginning with 1892 by the creation of the Stock Exchange Clearing House. Making some allowance for this influence, the variations in average daily clearings under different business conditions may be deduced from the following table:†

Variations in Clearings at New York.

(Year ending September 30.)

Year.	Av. Daily Clearings.	Per cent. Balances to Clearings.	Remarks.
1870	$90,274,479	3.72	
1873	115,885,794	4.15	Great business activity.
1874	74,692,574	5.62	Industrial depression.
1881	159,232,191	3.66	Renewal of railway building.
1885	82,789,480	5.12	Results of bank panic.
1890	123,074,139	4.65	Business expansion.
1894	79,704,426	6.54	Depression following panic.
1896	96,232,442	6.28	Free-silver panic.
1899	189,961,029	5.37	Renewed confidence and activity.
1901	254,193,639	4.56	Culmination of industrial flotations.
1904	195,648,514	5.20	Diminished Stock Exchange operations and business activity.
1905	302,234,600	4.33	Renewal of business activity
1906	342,422,773	3.69	and speculation.

The settlements in New York are made nominally in money, but actual transfers of coin and legal tender currency have been reduced to a minimum within the last few years. United States currency certificates, issued by an Assistant Treasurer of the United States in denominations of not less than $5,000, upon the deposit with him of United States notes, were largely used at one time, but authority for their issue was repealed in 1900. After the completion of the new clearing house on Cedar street, early in 1896, gold certificates issued by the clearing house upon deposits of gold coin made in its vaults came into general use. These certificates are used only between banks, but may be presented at any time for redemption in the gold which they represent.

† This table is adapted from the author's "Principles of Money and Banking." Vol. II, p. 243.

THE FOREIGN EXCHANGE HOUSES.

The rapid expansion of the business in foreign exchange has naturally brought wealth and importance to the houses carrying it on. Early in the nineteenth century London bankers began to establish branch houses in Wall Street. In 1825 the existing house of Brown Brothers & Company was established as an offshoot of Alexander Brown & Sons of London. In 1837 August Belmont, the senior, was appointed representative of the Rothschilds in New York, and this connection has ever since been maintained. Mr. Belmont became not only a financier whose views were always sought on business questions, but a figure of first importance in the civic life of the city and the affairs of the nation. For many years his position as chairman of the Democratic National Committee gave him an influence which, while the country was passing through many financial storms, was steadily exerted on the side of conservatism and sound money.

Of the three sons of August Belmont two became active in public affairs, while to August Belmont, Jr., was left the practical management of the great banking house. Mr. August Belmont, Jr., rendered perhaps the greatest service to the city when he staked his financial reputation upon the construction of the first subway. Mr. Belmont already represented large interests in the Manhattan elevated lines and when the subway was proposed recognized the fact that the two systems might be dangerous competitors. When the Rapid Transit Commission first proposed their comprehensive programme for the construction of the subway and the tunnels under the East River, capitalists were timid about entering upon a project so large and uncertain. But Mr. Belmont, with that foresight which characterized so strongly the European founders of his house, the Rothschilds, assumed the risks of the work and soon united the elevated and subway systems by guaranteeing interest at the rate of seven per cent. upon the Manhattan Elevated stock. After the subway had been some time in operation and its success was fully assured, Mr. Belmont joined Mr. Thomas F. Ryan in consolidating into one great system the subway, the elevated lines and the surface lines, with the assurance to the public that this powerful corporation with capital and bonded obligations amounting to $350,000,000, would guarantee to the people of the city an extension of traffic accommodations as fast as proper authority from state and city governments could be obtained.

The important house of the Belmonts thus became closely identified with the civic life of New York and the prosperity of the nation. This was equally true—at least on the broader side of the subject—of the other great houses which dealt in foreign exchange. Their ordinary exchange business, based upon commercial bills, was given volume and variety by the relations established with European bankers for the flotation of railway and industrial loans and the temporary transfer of funds to take advantage of differences in interest rates or for the relief of the money market.

Among the strongest of the other foreign banking houses may be named, as typical of the rest, Kuhn, Loeb & Company, J. & W. Seligman & Company, Speyer & Company, and Ladenburg, Thalmann & Company. Kuhn, Loeb & Company, founded in 1869, became one of the largest dealers in railway bonds, establishing close connections with large lines or systems, like the Pennsylvania, the New York Central and the Union Pacific. Mr. Jacob H. Schiff, the present head of the firm, is one of New York's foremost citizens, not only as a financier, but as an advocate of many important public measures and a generous supporter of charities and philanthropic work. Mr. Paul Warburg, another member of the firm, is a well-known expert in monetary science and was one of the first to recommend the introduction upon the New York market of the system of acceptances, so widely in use in Europe.

The house of Seligman was founded by John Seligman, the eldest of eight brothers, who was educated at the University of Erlangsen in Bavaria and came to America in 1838 at the age of nineteen. After some mercantile ventures, he was attracted by the possibilities of banking offered by the Civil War and in 1862 founded the house of J. & W. Seligman & Company as it still exists. The parent house in New York was presided over by Mr. John Seligman, assisted by his brothers James and Jesse. Leopold and Isaac assumed charge of the house established in London; William became resident partner of the branch in Paris; and Henry and Abraham were resident partners at Frankfort-on-the-Main. Branches were also established in New Orleans and at other points.

The first notable enterprise of John Seligman was the introduction of United States bonds to the people of Germany. This was accomplished in the year 1863, when the national credit was in its most uncertain condition, but was crowned with gratifying success—not only in securing money but foreign sympathy, of which the nation then stood sorely in need. These services were recognized by the Government by designating the Seligman house in London as the authorized European depository of the State and Navy departments. Mr. Seligman was active in the formation of the syndicate which refunded the "five-twenty" bonds in 1871 and 1872, and the Government reports dealing with these operations are full of dispatches between the Secretary of the Treasury and the Seligmans. When Mr. J. Seligman died on April 25, 1880, the Secretary of the Navy, the Hon. Richard W. Thompson, addressed a letter to the house recounting the services which Mr. Seligman had rendered the Navy Department in the summer of 1877 by accepting navy drafts when the appropriation had been exhausted, in the belief that they would be paid from the appropriation for the next year.

The founder of Speyer & Company was Mr. Philip Speyer, who came to New York in 1837, and in connection with the importation of English goods developed a business in foreign exchange. A few years later was formed the firm of Philip Speyer & Company, and this name was used until 1878, when the death of the founder led to the change of the name to its present form, Speyer & Company. This firm also was largely instrumental in making a market for United States bonds in England, and, in view of their great rise after the Civil War, with substantial profits to their clients, paved the way for the introduction of other types of securities. During the creative period of American railroading the firm was successful in placing in England, Germany and Holland the bonds of the Central Pacific, Southern Pacific, Illinois Central, St. Paul, Pennsylvania, Baltimore & Ohio, and many other of the best railway securities. Subsequently they assisted in the readjustment of the affairs of the Central Pacific and the reorganization of the Baltimore & Ohio, and still more recently in the readjustment of the affairs of the Mexican National Railroad Company, which led to negotiations by which the Mexican Government has become a large partner in the railway service of that country. The firm has recently made issues of Cuban five per cent. bonds and Mexican Government fours. The present head of the firm is Mr. James Speyer, a son of Gustavus Speyer and nephew of the founder of the house.

Improved Means of Communication and Information.

Modern means of communication are an important factor in the mechanism of New York business transactions. The volume of business which is now done, both on the Stock Exchange and in the offices of captains of finance, would have been impossible before the development of the ocean cable, the telegraph and the telephone. While American stocks were the subject of speculation in London even before the development of railways, and the bonds of the Camden & Amboy Railroad were listed there as early as 1838, it was only with the installation of the cable in 1866 that it became possible to keep quotations approximately level in both markets. The outbreak of the Civil War found New York separated by about two weeks from London and by a still greater time from other foreign markets.

So easy has communication now become that it is scarcely possible to repeat the feats of a century ago, when Lord Rothschild is credited with having hastened by post horses and in an open boat from Brussels to London in order to buy English stocks before the regular means of communication brought news of the victory at Waterloo. If advance information of an event is obtained to-day, it must either be information which is secret or any advantage to be derived from it must be obtained within a few minutes or seconds. It was said that New York brokers were paying as much as $1,000,000 per year for London dispatches with the installation of the first working cable in 1866. Twenty words to London then cost $100, as compared with $5 to-day. At present it is the estimate of cable officials that fully ninety-five per cent. of all messages sent are in code and that one thousand messages come from the financial district daily.

On land the electric telegraph has contributed its share in bringing together the markets of the world. The system of stock tickers, now installed in nearly all the brokerage offices and in leading hotels and other places where men gather throughout the country, has made the news of transactions on the Stock Exchange as nearly instantaneous as the advance of present-day science permits. In addition to Stock Exchange quotations, which are carried to nearly 2,000 tickers in greater New York and Jersey City, there are 100 machines reporting the grain and produce quotations, and there are additional hundreds in Chicago and other leading cities of the country. Many brokers lease wires to connect their Wall Street offices with branches in other parts of the city and country, paying large sums for this service.

The telephone has doubled and perhaps trebled the working efficiency of all those classes of men who decide important questions by a word and leave the details to their subordinates. Mr. Morgan, or Mr. Ryan, sitting quietly in his office, can direct his secretary to get in communication with any other financial leader and perhaps in a talk of two minutes decide what, before the invention of the telephone, would have required a special visit or a long exchange of letters. On the Stock Exchange alone business aggregating over $100,000,000 per day is transacted by telephone. In the last analysis some of the great fortunes which have been accumulated during the closing years of the nineteenth century and the opening years of the twentieth century have probably been augmented—perhaps in some cases actually made possible—by the quickness of communication and the ability to do a great deal in a short space of time which the telephone service affords.

An auxiliary part of the mechanism of exchange is the news bureaus, which issue every few minutes, for distribution in banking and brokerage offices, printed slips containing the latest news from all over the world which is likely to affect in any way market conditions, to stimulate confidence or to arouse anxiety. Not stock quotations alone or quotations on the produce and cotton exchanges appear on these slips, but reports about the crops, railway gross and net earnings, increases or suspension of dividends, anticipations of Treasury reports and presidential addresses, and even happenings in foreign cabinets and financial markets.

Part and parcel of this system of financial information has been the growth of financial publications. The "Journal of Commerce," founded in 1827, was the pioneer among the dailies, and under the editorship of David M. Stone attained a position of great influence in New York finance. Declining years led Mr. Stone in 1893 to sell his interests to the owners of "The Commercial Bulletin," which, founded in 1865 under the direction of William Dodsworth, was proving a powerful competitor of the older publication. Mr. Dodsworth was a man long remembered in New York journalism for his inflexible convictions, his liberal economic views, and the terse and elegant English in which he expressed them. Soon after the consolidation of these two leading trade papers a rival appeared in the "New York Commercial," which, as a continuation of the "New York Price Current," dated its origin from 1795.

In later years strong places were made for themselves by the "Wall Street Summary" and the "Wall Street Journal." In the weekly field the "Commercial and Financial Chronicle," founded on somewhat the same lines as the "Economist'" and "Statist" in London, long held preeminence under the direction of Mr. W. B. Dana. Among monthly publications THE BANKERS' MAGAZINE, founded in 1846, is the recognized journal of the national and state banks.

PRESERVATION OF BANK RECORDS.

FROM "The Review," published by employes of the First National Bank of Chicago, the following is taken:

"No doubt there are many in the First National Bank who do not know just what becomes of all the old records, and who possibly have never even stopped to think about it.

The bank keeps all of its records and in a manner that may admit of easy reference. Past transactions may be looked up to assist customers in proving claims and making out statements of accounts to aid in law suits, or to our own advantage in comparing past and present business, etc.

Down in the main basement of the building there is an extensive space covering 18,000 square feet and commonly known as 'Casey's Catacombs.' Librarian Edw. Coulter has direct supervision of this department and can locate on a moment's notice practically any record of the office from 1863 to date. These 'Catacombs' are furnished with 16,000 lineal feet of metal shelving in different sizes and shapes to accommodate the contents, which consist of the records since the year 1900.

There is a complete file of general, commercial, country and discount journals and ledgers, together with all matter and papers such as credit tickets, receipts, letters, etc.

As the shelves are filled, the contents are moved to the eighteenth floor, where there is another large space fitted up in like manner. The rooms in the basement contain in all 3,962 compartments and thirty-one streets or aisles, each being three feet wide to permit of easy access.

The records from the organization of the bank in 1863 up to the year 1900 are kept in a fireproof building out in 36th street, near Albany, in Brighton Park, which is generally known as the 'Morgue' or 'Drainage Canal National Bank.' This building is of brick, without windows, has only one iron door, and occupies a whole city lot. It has an air of mystery, and when first erected was viewed with suspicion and alarm by the residents in that locality, who feared it to be a powder magazine. They were much relieved when they saw the nature of its contents.

A card system is kept showing the location of books, papers, etc., of the various departments, so that they may be easily found.

A system of this kind is absolutely essential in an institution such as ours, where references are so often made to former business transactions, and we may well be congratulated upon the method and precision which prevails in our Department of Records."

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

INSURANCE IN ITS RELATION TO BANKING.

THE intimate connection between banking and insurance may be understood when it is considered that the mercantile loans and discounts of a bank should invariably rest on mercantile property or movables; that is to say, on goods that may be destroyed by fire, which destruction may render the payment of the loan or bills difficult or impossible. Hence it is of the first consequence to a banker to see that the property to which he looks for the payment of his loans is insured in sound and reliable companies. Even in the case of discounted bills for wholesale houses, it is perfectly reasonable for the banker to ask of his customer, are the makers of these bills insured? If their stock was burned could they pay these notes? Do you, in fact, for your own protection, see to it that the goods transferred from your warehouse to his store are insured after they get there? It is to be presumed that they are insured so long as they remain on your premises; are they equally safe from loss by fire when transferred to his? These are not impertinent questions, for they concern the very essence of the well-doing of both parties. A fire, to an uninsured trader, may mean bankruptcy to him, and a bad debt to his creditors. These are elementary principles which are observed, to a certain extent, by the majority of men in business. But it is always a pertinent inquiry whether property is insured to *the extent it ought to be*, or whether the person concerned is, or is not, one of the minority who take the risk of leaving their consumable property almost wholly uncovered.

Extent of Insurance.

Let us consider these points in detail. First, to what extent ought goods to be insured? To this there may be more than one answer, for obviously all goods in transit by sea or lake should be insured for their full value at place of destination. This is, indeed, a universal rule. The bills of exchange bought or discounted by bankers, to which are attached bills of lading, have also attached to them *policies* or letters of insurance covering the whole amount of the bill. And a purchaser of such a bill would be negligent indeed if he passed such a bill for discount with no insurance policy attached. But goods in warehouse, store or factory are treated on different principles. Seeing that insurance costs money, the owner of a stock will consider what the probabilities are in case a fire breaks out, and whether it is necessary to have it insured for its full

* Continued from June number, page 904.

value. To this question men will give answer according to their temperament. The cautious man will insure for all he can get placed on the goods, the sanguine and overconfident man will carry as much of the risk as he dare himself, or as much as his creditors will let him. But there is one general principle applicable to cases of this kind, viz., that *no man has a right to leave uninsured any goods on which he owes money.* Property which is absolutely his own and on which no claim of any creditor is based, a man may leave uninsured, if he so pleases. It is his own affair, and no one has the right to call him to account, unless it may be his wife or children, if he has them; for, indeed, he has no more right to injure them than he has his creditors.

With regard to the great staples of merchandise stored in warehouses, such as grain, flour, raw cotton, wool, etc., the custom is universal to insure up to the full value, if so much insurance can be placed. And this is reasonable. For, in a large majority of cases, such stocks have been advanced on by banks. In the case of merchandise such as lumber, piled up in yards and wharves, or hides, wool, leather and other staple commodities in warehouse, difference of temperament will lead to different lines of action. It is in regard to these that rates of insurance are apt to be high, varying according to locality and the combustible character of the goods. And being high, men are constantly tempted to save in insurance as much as they can. The only absolute rule that can be laid down is the one just enunciated, viz., that insurance should be placed to the full amount of any debt against the property, either direct or indirect. This is the very lowest that justice demands. A merchant or manufacturer, however, is bound also, in considering how much his insurance should be, to think of the preservation of his own standing, and the continuity of his business. This consideration would lead him, even in cases where no debt rests upon the goods, to insure for such an amount as would replace them in case of fire; and even, if possible, to such an amount as would compensate for the loss of time and business which a fire would occasion. This applies particularly to manufacturing establishments and mills. In all cases it is undoubtedly better to err on the safe side and to consider any additional amount paid for insurance (if it is reckoned to be additional) as well laid out in ensuring that quietude of mind which is an important element of success in business.

The Cost of Insurance.

There are, however, in every community, persons who grudge the cost of insurance, considering it as so much *loss,* and prefer to take the risk of fire rather than pay it. That this is a "penny-wise-and-pound-foolish" policy such persons often find out. But some men still lean to such a course; and especially so where the occupation is hazardous and the risk great. "The premium is enormous," such a person will say; "my business cannot afford it." But in so saying they forget that insurance, whatever the rate may be, is as legitimate a charge on business as rent and taxes. If the business will not bear the cost of insurance as well as these, there is something wrong with the management. If a man has been selling his goods at a certain price, without taking the cost of insurance into account, he has been selling them too low.

But, in reality, the high rate of insurance is a sort of signal hung out to warn men of the necessity of taking unusual precautions. An unusually high rate may be a reminder to a mill owner that his mill is not properly built, or that its internal arrangements with regard to heating or power are not well contrived, or that he is in danger from his neighbors and needs to take extra precautions on that score. It will warn him to look after his engine-room, or his power-house, or the manner in which his goods are stored, or whether he has proper arrangements for carrying about combustibles; or about smoking, or the use of matches. Still more will the high rate remind him of the necessity of appliances for an early extinguishment of fire should one break out. A high rate, that is, a *comparatively* high rate, will always arise from a consideration of these sources of danger, and should lead, not to the refusal to insure, but to the taking of all possible precautions, and keeping them constantly in operation.

A man who neglects to insure because the rate is high would be like a ship owner whose business is to sail across the Atlantic, not building his ship strong enough because it would be so costly; or a banker who contented himself with a mere fireproof safe because a steel-clad burglar-proof one would be too expensive. The real truth of the matter is that *the higher the rate of insurance the more need there is to insure.*

In speaking of a high rate, it is not the writer's intention to refer to the rates current over a whole city as compared with other cities. These may be high or otherwise, but they affect all kinds of properties and all sorts of risks in the same proportion. The high rate on which the foregoing reasoning is based is the rate which is high in proportion to buildings or stocks in other lines of trade, or even to buildings or stocks in the same trade where insufficient fire appliances, or defects of construction or proximity to other sources of danger, have to be taken into account.

But even when rates are high over a whole city as compared with other cities, the very fact is a danger-signal to all who carry on business in it, and should naturally lead to extra precaution and watchfulness. The same remark applies to certain districts in business centres where risky trades are carried on, and where a fire may extend over the whole area of the district before it can be put out.

"Fire-Proof" Structures Not Exempt from Danger.

It is sometimes pleaded by persons who neglect insurance that their premises are so well-built that they cannot take fire; or that they are so isolated that no fire of their neighbors can reach them, or that they take such precautions that no fire could possibly make headway. Experience, however, proves how little reliance can be placed on such reasoning. *Fireproof* buildings have been burnt down. Iron will not burn, but it will get red hot and set fire to wood in proximity. Steel will warp and twist under heat and drag down floors. As to isolation, a great fire will cause flames to shoot out to a distance that might be deemed incredible by those who have not had experience.

Considerations of extra precaution or isolation, or of a superior style of building, may be fairly taken into account by one who is considering *how much* insurance he will place. But they should never prevail to such an extent as to lead a man to neglect insurance altogether. And no matter how free from danger a man may consider his property to be, he is bound to insure so as to cover any indebtedness against it, or against its contents. The first, indeed, will be certainly taken care of by a mortgagee if there is any encumbrance against it. The latter indebtedness will be to a merchant or a banker, who may not be as exacting as a mortgagee, but whose interests the debtor is as much bound to protect.

Thus far our observations have related generally to stocks of goods, these being the primary consideration for a banker or a merchant. Real property is no proper basis for a banker's loans, and he should have nothing to do with it, unless it comes into his hands as security for a standing debt. Then, he will, of course, look after the insurance as a matter of primary necessity.

But a banker, though he does not directly lend money upon the buildings owned by customers, has nevertheless a strong interest in their preservation; for it is a banker's interest that his customer's capital should not be impaired, and that his business should go on without interruption. If his customer's warehouse be destroyed, it is a pertinent question to inquire whether the insurance will cover the loss, not only on the contents of the building, but on the building itself. For a person may have a substantial capital, say in ground or water power, and yet, if his insurance does not enable him to rebuild, he would find it difficult to raise money to do it. In that case, he may have to curtail his business to an unprofitable extent, or to wind it up altogether. These are the risks of the man who does not insure, or who insures for an amount that is insufficient for contingencies.

There are, indeed, certain classes of property that are indestructible by fire. When a saw miller or timber merchant has got his logs into the water, there is no need to insure them, so long as they are floating down the stream or confined in a boom or cove. They are so safe there that even an incendiary could not set them on fire. But the moment a log is transferred to the mill and sawn into lumber it becomes combustible. Similarly, stocks of fish, so long as they are in the boat, are practically incombustible. But the moment they are placed in a "cannery" or fish warehouse they call for insurance. It is, however, on such debatable ground, as it may be called, that negligence or a disposition to take undue risks may prevail, and a disastrous fire expose the folly of all parties concerned.

Though it is not strictly within the province of a banker to consider other kinds of risk, yet, as loans are sometimes made (as an exception) to bodies other than mercantile, it may be noted in conclusion that all the foregoing principles apply, with full force, to *them*. No body of college governors, or directors of benevolent institutions, hospitals, asylums, or officers of churches, has a right to allow the property of the institution to be jeopardized by neglect of insurance. The obligation is of necessity even stronger than in the case of a private individual. He may, if he will, jeopardize his own property, within certain limitations, as before stated. But boards of governors are trustees and guardians of the property of others. Such property has been created by public funds or benefactions; trustees are bound, therefore, by every obligation of honor, to see that the property entrusted to them is not only preserved from the *danger* of fire by ordinary precautions, but from *loss*, should fire unfortunately break out. With regard to institutions, such as colleges, where young people are boarded from time to time, it is obviously the duty of the authorities to insure, not only the building and furniture, but also the wearing apparel and other private property of the students and scholars. It is unreasonable that parents should take the risk of this, and be exposed to the charges incident to the refitting of pupils, whose clothing and books have been destroyed by fire. It is also incumbent upon college authorities, where pupils are boarded, to see, not only that their premises are insured to a sufficient amount, but also that proper precautions are taken against the danger from fire itself. Proper means of exit and preventives against fire spreading are their bounden duty to provide. The necessity of all proper precautions being taken has been demonstrated of late (1903) in a marked degree by the fires which have taken place—the one at the great public school of Eton, England, the other at Ridley College, Ontario, Canada.

Life Insurance.

Of this style of insurance, all that needs to be said is that a banker, if he advances at all, will never advance more than the surrender value of a policy; and if he takes a policy as security, will never consider the security to be more than such surrender value amounts to. G. H.,

Former Gen. Mgr. Merchants Bank of Canada.

(*To be continued.*)

INCREASE IN MANUFACTURING.

THE number of people employed in manufacturing in the United States has grown from less than 1 million in 1850 to 5½ millions in 1905; the wages paid, from 237 million dollars in 1850 to 2,611 millions in 1905; and the value of products, from 1 billion dollars in 1850 to nearly 15 billions in 1905.

TRUST COMPANIES – THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

EXAMINATIONS, AUDITS AND OTHER MEANS OF SAFEGUARDING THE BUSINESS.

FORTUNATELY, the tendency of the day is toward the surrounding of the trust company business with every reasonable safeguard. This tendency is due not only to the increasing public demand for such safeguards, but also to a truer appreciation on the part of directors and officers of the sacredness of their trust, and to the realization that it is good business policy to use every means of inspiring confidence in institutions whose success is built upon confidence as a corner-stone. For the safeguarding of the business of trust companies every argument applies that has force in the case of banks, and additional arguments are found in the wider scope of the business and in the increasingly important trusts that are committed to their care.

The parties interested in the matter include the general public, the stockholders, and the employees. Of the general public, the depositors and the beneficiaries of the trusts are of course most directly interested; but inasmuch as trust companies constitute an important part of our financial system, and because the failure of such a company vitally affects the interests of many persons who have had no direct dealings with it, all the people have a right to demand that in the conduct of the business reasonable precautions be adopted. The stockholders have their money invested in the company and are the first to suffer in case of failure; they have valid reasons for requiring satisfactory protection of their interests. The employees, including the officers, are entitled to every possible protection against excessive temptation.

Aside from the restrictions and limitations upon the business imposed by the laws under which trust companies operate, the possible safeguards include examinations, audits, care in the selection of officers and other employees, and the adoption of an accounting and administrative system which leaves the fewest possible loopholes for dishonesty or bungling management.

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* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

Accounting and Administration.

Of these a well-considered and carefully planned system of accounting and of administration is fundamental. Recent years have seen great progress in this respect, but there is room for much more. Many companies are still using systems which invite error, mismanagement and fraud; and doubtless some will continue to use them until failure comes or until a competent accountant or auditor is employed who shall point out the weak places. Among recent cases of banks and trust companies ruined by defalcations have been several in which stealings of hundreds of thousands of dollars had been going on for a series of years! A small trust company was robbed of several thousand dollars by an employee who had for some time acted both as savings teller and as savings bookkeeper! In such cases one hardly knows whom to blame most, the defaulting employee or the officials responsible for the lack of intelligent system. It is true that no system can be devised which will absolutely prevent blunders on the part of careless or incompetent workers, or stealings on the part of dishonest ones; but it is entirely practicable to perfect systems which will reduce such possibilities to a minimum.

Such a system having been adopted and put into operation, the next essential is to see that it is carried out faithfully, and that nothing that smacks of habitual carelessness, mismanagement or dishonesty exists. This can be accomplished only by means of examinations and audits, regarding which a considerable change of sentiment has taken place during recent years. The old-time banker looked upon it as something of an insult to suggest that his work ought to be checked over or examined, feeling that the dignity of his trust ought to place him above suspicion. The modern view is such that the most progressive bank and trust company officials welcome thorough and intelligent audits, believing that the careful and conscientious man has nothing to lose and much to gain by having the fidelity of his administration proved beyond question. It is a frequent practice to voluntarily employ public accountants to make thorough audits.

So far as the audit is designed to detect crime, it is not a reflection upon the honesty of the average officer or clerk—which is, indeed, assumed—but rather a recognition of the fact that occasionally a dishonest man may creep in and destroy the work of the honest majority; and from this viewpoint the audit is a protection to the faithful ones. At any rate, the public is no longer disposed to accept from the directors of financial institutions which fail the excuse that "they didn't know there was anything wrong, and supposed the officers and clerks were honest," and is coming more and more to hold such directors both morally and legally responsible for such knowledge. The public is right about it, too; there is no excuse for slipshod methods and guesswork in the business of the trust company, and men who are not willing to attend to their business have no place upon the board of directors of such a corporation.

It is to be observed further that the detection of crime is by no means the only object of examination and audit. Still more important is the prevention of crime, which systematic auditing accomplishes in two ways—by the discovery of stealing at its beginning, when the amount is almost invariably small, and by the deterrent effect which is inevitable when officers and employees understand that speedy detection is practically certain if anything wrong is attempted. Indeed, the very suggestion of stealing comes to most men only when the conditions seem to make it easy and comparatively safe. Another exceedingly important purpose of a proper audit lies in criticism and suggestion regarding the system of accounting and general administration, the pointing out of loopholes for error or dishonesty and the enforcing of faithful adherence to the system in use.

Examinations by officials representing the state government are required in many states, and ought to be in all. State laws sometimes require also examinations by committees of the boards of directors; and whether required by the state or not, such examinations are usually provided for in the by-laws of trust companies. Examinations are also made in some companies by committees of stockholders who are not members of the board of directors, while a few companies have resorted to examinations of each department by employees of other departments. Among the larger companies the habit is growing of maintaining a special auditing department; while instead of this, or in addition to it, many companies have an annual or semi-annual audit by a public auditing concern.

The examinations conducted under the authority of the state are intended primarily to see that the company is conducting its business in accordance with the laws of the state; and while their purpose is attained more or less completely, according to the thoroughness of the officials who do the work and the time at their disposal, such examinations are rarely thorough enough to detect any but the most bungling attempts at stealing, while suggestions regarding the system of accounting are wholly without their province.

Examinations by committees of directors are as a rule very superficial and unsatisfactory, while many are mere farces. In the cases of "one-man companies"—that is, companies in which the executive officer is relied upon to manage the company practically alone, without advice or investigation by the directors, these examinations are apt to be exceptionally farcical; and this in spite of the fact that these are the companies which specially need thorough and frequent examination. The reasons for the incompleteness of directors' examinations are found partly in the common disposition to regard the director's office as a badge of honor rather than as an avenue of service, and partly in the fact that the men chosen for such positions are usually men whose time is very fully occupied with their own affairs and who often are urged to accept the position against their wills and better judgment. Nor are the men composing these committees as a rule familiar with the details or even the principles of trust company accounting. The time given to the examination by such committees does not average over a day or a half day. It is evident that such examinations can hardly be deemed satisfactory as evidences of the sound condition of the company.

Nevertheless, the writer does not want to be understood as holding the opinion that the ordinary examination by a committee of directors is wholly useless. Failures often occur because of unsound or excessive loans or investments, and if the directors are not already aware of such conditions in their company—as they should be—even a cursory examination may open their eyes, unless there is intentional dishonesty and concealment on the part of the officers. If the committee insists upon actually seeing and handling all securities and the notes for all loans, it will at least have proved that the assets called for by the books are in the company's possession at the moment; while it will also have an opportunity to observe what names of officers or directors appear as makers or indorsers on the notes. This is of some value, though of course it gives no assurance that the books are correct, nor would it detect anything that would even create suspicion against an ordinarily shrewd officer who was engaged in looting the institution. There is also some advantage in the insight into the company's affairs which the committee may gain, and in the interest which may be awakened in them.

But a directors' committee examination may easily be made, and sometimes is made, of considerable value, if men are selected who are willing to give several days to the task and who have some technical knowledge which qualifies them for the work. The committee may then make some general examination of the books, examine and list all of the assets called for, with their appraisal of same, make note of items that are worthless or unmarketable or of uncertain value, point out serious flaws and tabulate loans and investments in which officers or directors are interested, giving names and amounts for each. Such a committee should not include any members of the executive committee or any of the officers, and should work independently of the latter.

An examination by a committee of stockholders who are not directors may accomplish much good, provided, as in the case of the directors' committee, men of ability who will take the necessary time are found. Its work may well proceed along the lines just indicated, going further if possible. Such an examination has an advantage in that it is conducted by men who are not directly responsible for the policy that has been pursued.

Examinations by committees of employees are practicable only in companies having several departments. They may be made of some value as examinations and of much value in the way of education and increased interest among the men who do the work; but are evidently subject to the important objection that they are not apt to affect the work of officers; while, as the work must be done "out of hours," they impose a burden upon the men which is hardly justifiable.

That the insufficiency of the different kinds of examinations just named is coming to be widely recognized is shown by the steadily increasing number of companies which either maintain a special auditing department or employ outside auditors or auditing companies to make thorough examinations of their work, some companies having even adopted both plans. It is only by such means that anything like a satisfactory examination can be made, particularly of the larger institutions. The wonder is that the fact has been so long unrecognized, and that other corporations have preceded banks and trust companies in the adoption of thorough auditing systems.

As between the maintenance of an auditing department and the employing of an outside audit company for the examination of the larger trust companies, not enough experience has been gained to determine which is the better plan, and opinions naturally differ. If, as some large companies have found to be the case, under either plan it is necessary to have a permanent force engaged in auditing throughout the year, the choice is largely one of form, except perhaps as to cost. Of course, the smaller companies do not offer work enough for a permanent auditor, unless he puts in some of his time at other duties, in which case his value as an auditor is slight. Such companies should employ a competent and responsible accountant to put in such time as is necessary for the work. He should make complete audits at intervals of six months or a year, and in addition step in without previous notice to make special examinations. His reports should be rendered to the board of directors in person, and never to an officer of the company; and the stockholders are entitled to an annual report giving at least his general conclusions.

Whether an employee of an audit company or of the audit department of the trust company, the auditor in charge should be a man who thoroughly understands both the science of accounting and the business of the trust company. He must possess courage and force of character, be not over-trusting or over-suspicious, and be endowed with more than the average amount of tact. If he has assistants, as he must in examining the larger companies, they should also be selected with a view to their fitness for this particular work.

The Audit Department.

In 1903 a committee appointed by the Trust Company Section of the American Bankers' Association reported to that body, that while excellent systems of auditing were in use, there were but few companies which had established regular audit departments. Since that time the organization of such departments has been quite rapid, but as is natural in a new department, there is little uniformity in its conduct among different companies. In some cases a department is organized with an auditor and a number of assistants; in others, there is a single official known as the auditor, or the controller, who in addition to the duties of auditor acts as chief of the clerical force or performs other duties. In such cases his work is usually supplemented by the periodical employment of an audit company.

In the selection of an auditor favoritism should have no place. He should be appointed, not by an officer, but by the board of directors, and to them and them only, in regular session, should he make his reports. His work is quite as much a check upon the officers as upon the clerks, and for that reason it is manifest that he should not be in any way dependent upon the officers. For a similar reason his appointment should not be dictated by the executive committee alone, but by the full board of directors, and *he should report also to the stockholders.*

As already indicated, an important part of the duty of the auditor is to devise or to perfect the system of the institution with the special purpose of guarding against carelessness or dishonesty. He will, for example, see that the officers or tellers who are authorized to sign or countersign drafts do not have also the right to make entries in the books; that the same employee does not both handle cash or securities and keep the books; that where there is opportunity of collusion between tellers and bookkeepers, the latter are frequently shifted to other sets of books without previous notice; that the work is so subdivided that no one man can carry through all the details of any transaction.

The exact methods followed in the work of auditing must depend upon the conditions existing in each institution, and it is impossible to devise a system which will be applicable to all companies. An attempt to do this was made by a committee appointed by the Trust Company Section of the American Bankers' Association, which reported in 1903; but the committee reached the conclusion that a system applicable to all trust companies was out of the question. The report of the committee, however, and the three papers on the subject contributed by prominent trust company auditors, contain many valuable and practical suggestions.†

The Selection and Treatment of Employees.

The success of many men prominent in the business world has been ascribed to their sagacity in the selection of the men who worked for and with them. The success of a trust company is often materially affected by the kind of judgment used in the selection and training of its employees as well as of its officers. The company whose entire working force, from officers down to errand boys, is uniformly courteous, obliging, accurate and capable, has a tremendous advantage over a company whose officers have these qualities, but some of whose employees are impolite, unaccommodating or prone to numerous errors.

It is not always an easy matter, particularly in the larger companies where changes of employees are frequent and must often be made in

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† See Proceedings Trust Company Section American Bankers' Association, 1903, pp. 12-25.

a hurry, to find just the right person when a vacancy occurs. For this reason, if for no other, the officer in charge of the employment of the clerical force will do wisely to look up available timber before the moment it is needed, and always have on file information regarding a number of applicants whose record he has taken pains to learn. Most companies have more applications for positions than they have places to fill. Unless something appears at once that shows the applicant to be undesirable, he (or she) should be requested to write a letter of application stating his age, education, experience, present occupation, reason for proposed change, references, etc. It has been found useful to file such applications, together with other letters or memoranda relating to the applicant, in a specially printed envelope, represented in Figure 284. These envelopes may be filed alphabetically or grouped according to positions for which the applicants are qualified. The officer notes upon the envelope the personal apearance of the applicant, and adds further data obtained by correspondence with references given; so that after a personal interview he is usually able to form a pretty definite idea as to whether the candidate is worth placing in the eligible list. If the system is faithfully followed, there will usually be on hand applications from persons about whom the officer in charge has some knowledge, and who will be available when a vacancy occurs.

Of the qualifications required in an applicant who is to be considered favorably, honesty is the fundamental thing. The writer is aware that the remark is trite, but believes that there is as much appropriateness in the remark now as there ever was. The restless and hurry-to-get-rich disposition of the average American of to-day can not be seasoned too much with the good, old-fashioned virtue of absolute integrity; and certainly the premium on that virtue should nowhere be greater than in the trust company. Next to honesty and general good character, education is important. Boys who have not finished the grammar school are continually applying for positions. Girls who have taken courses in stenography before they have learned to spell or to begin a sentence with a capital letter, want to become bank stenographers. Due consideration should be given to cases in which circumstances make it impossible for the applicant to continue at school; but as a rule the welfare of the applicant and of the company alike demand that boys and girls who have not had at least a high school education be discouraged from seeking permanent positions with trust companies. Particularly is this the case in companies whose aim is to develop men for its higher clerical or official positions from the ranks. In common with the business of the banks, the business of the trust company is in a state of evolution. Civilization is growing more complex, and the United States has taken its place among the "first powers" of the world, and the business of the trust company is coming to require more highly trained minds and a broader outlook. Undoubtedly the best material for trust company work, other things being equal, is found in the man with college training, provided, of course, he has used his opportunities and not merely "been to college." His mind is better trained, his outlook is broader, he puts more intelligence into his work, and he does not so soon reach the limit of his capacity.

APPLICATION

NAME James R. Smith

ADDRESS 375 Mt. Vernon St.

DATE June 5, 1907 AGE 18

POSITION APPLIED FOR Messenger

EDUCATION Just graduating from high school

RECOMMENDED BY 2 teachers letters enclosed

PERSONAL APPEARANCE Neat

FAMILY Respectable

PARENT W. B. Smith

BUSINESS Grocer

PREVIOUS EMPLOYMENT OF APPLICANT

(1) WITH (School only)

CLASS OF WORK ____ PER MO. $ ____

UNDER WHOM ____

(2) WITH ____

CLASS OF WORK ____ PER MO. $ ____

REASON FOR LEAVING ____

(3) WITH ____

CLASS OF WORK ____ PER MO. $ ____

REASON FOR LEAVING ____

REMARKS ____

FIG. 284.—APPLICATION ENVELOPE.

The qualities which go to make up an attractive personality are next in importance—neatness in person and in dress, a cheerful disposition, and a courteous and friendly manner. Ordinary ability and willingness to work are of course assumed. If the position to be filled is advanced, previous technical experience is of course necessary; but in ordinary cases the man with the qualifications just named will pick up the technical knowledge and in a few months be of more value to the company than the experienced man who has not these qualifications.

In the matter of promotions civil service rules should be, and happily in most companies are, in force. "Influence" is coming to have less and less power in the matter, and should have none. The filling of vacancies in the higher positions by promotion from the ranks when possible is demanded alike by justice to the employee and by the best interests of the company, for no one thing so tends to maintain a loyal spirit among the employees as the knowledge that a "square deal" in this matter is assured. This does not mean that every employee should be "moved up one peg" every time a vacancy occurs in one of the higher clerkships; nor does it demand that length of service should be a prime consideration. It means that the man who has shown his capacity and proved his merit in the service of the company should be given the preference over an outsider if he is competent to fill the position which is vacant. It will of course occasionally happen that no one of the employees is capable of filling the position; then and only then should an outsider be brought in.

Fair and liberal treatment of employees in other matters is dictated not only by the principles of justice but by wise policy as well. Salaries should be reasonably liberal, and in their adjustment the ability required, the responsibility assumed and the length of individual service should be among the matters considered. Vacations should be given to all employees each year as a matter of course. They should be arranged according to a definite plan and not be put off until asked for, and should be announced long enough in advance to enable each one to make his plans. The best-managed companies not only permit but require every employee to take a vacation each year, not only because the vacation will enable the employee to do better work, but because it gives opportunity to judge better the accuracy, faithfulness and integrity shown in his work. The average length of vacation for employees below official rank is about two weeks. In order to care for the work during vacations and during sickness and unavoidable absences for other reasons, one or more general clerks who are able to step in and fill any position should be employed.

In spite of a well-defined prejudice against them on the part of many officials, women have made their way into the ranks of trust company workers and are filling a variety of different positions, and in many cases filling them with exceptional merit. They are most frequently found in the position of stenographer, but there are many women who are capably filling the positions of bookkeeper, teller, clerk, etc.

All employees having any degree of responsibility—and this includes nearly all, if not quite all—should be bonded in reasonable amounts. Except perhaps in the smallest towns, the practice is quite universal to use bonds of surety companies, the premiums for which are paid by the employing company.

Every reasonable opportunity should be given to employees to learn the business in other departments than the one in which their own work lies. Occasional shifting of positions is a help in this direction, and on occasions when the work is especially heavy in any one department, employees of other departments may be encouraged to help out—no one being permitted, of course, to slight his own work. He is a short-sighted official who is not willing to answer questions and explain puzzling problems to ambitious employees who are striving to become masters of different departments of the work. If an employee is lacking in education, he should be encouraged to utilize such opportunities as are offered by the night schools or the classes conducted under the auspices of Young Men's Christian Associations in the cities. An especially valuable medium for the acquirement of knowledge and of training, the strengthening and broadening of character and the stimulation of ambition is found in the work of The American Institute of Banking, of which local organizations or chapters are now found in most of the large cities, and in many smaller ones. This institute, which was organized by and is conducted under the auspices of The American Bankers' Association, is doing a splendid work among bank and trust company employees, both young and old, and should receive the most cordial support from every wide-awake trust company official.

(*To be continued.*)

PRECAUTIONS AGAINST LOSS.

IN addition to the inspections made by the State examiners and those specially chosen for that purpose by the directors, many trust companies take additional precautions against loss by defalcations. One company has its officers take charge of the various departments three times a year, at irregular intervals, going into every detail of the work ordinarily done by the clerks. Another method is to receive statements from customers verifying their transactions with the company. Examinations by expert accountants also afford a check upon the management as a whole.

AN OBLIGING GOVERNMENT.

THE Washington correspondent of the New York "Sun" says: "There are more than 6,000 national banks in the country. Most of them are now making Mr. Cortelyou's life a burden to him by their efforts to get hold of some of the nation's money which he is authorized to deposit with such institutions. Even with strict obedience to the law there is not enough to go around and satisfy all."

Why should he worry; just issue some more bonds and get the money, and then he will have enough to "go around."

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

NATIONAL BANKS—POWERS AND LIABILITIES—DRAFTS—BILLS OF LADING — INDORSEMENT — TRANSFER — EFFECT.

LEWIS LEONHARDT & CO. VS. W. H. SMALL & CO., ET AL.

Supreme Court of Tennessee, Oct. 28. 1906.

Upon the transfer to a bank of a draft attached to a bill of lading, it does not become the owner of the merchandise to which the instruments relate, so as to be liable for a breach of the original contract in respect to the quality of the goods.

While a national bank may take personal property to secure it for loans or for bills of exchange purchased by it, it cannot deal in merchandise; so, if a transfer of a draft attached to a bill of lading amounted to a sale of the merchandise, it would not be liable for the inferior quality of the same because the transaction would be ultra vires.

Indorsement by a bank, to the effect that it was not responsible for the quality, quantity or delivery of merchandise, is mere surplusage.

Adhering to the great weight of authority on the subject, the Supreme Court of Tennessee, in the case of Leonhardt & Co. vs. Small & Co., held that the theory of the complainant was incorrect and unsound, though it was supported by the decisions of three states.

WILKES, *J.:* The complainants, Lewis Leonhardt & Co., brought this suit against W. H. Small & Co., of Evansville, Ind., the Fourth National Bank of Cincinnati, Ohio, and the Mechanics' National Bank of Knoxville, Tenn., to recover the sum of $300 damages for the breach of a contract which complainants made with W. H. Small & Co. to purchase from them ten car-loads of No. 1 timothy hay. The facts reported by the Court of Chancery Appeals are as follows:

The complainants, Lewis Leonhardt & Co., who reside in Knoxville, Tenn., contracted to buy from W. H. Small & Co., who reside at Evansville, Ind., ten car-loads of No. 1 timothy hay at $15 per ton f. o. b. cars at Knoxville. W. H. Small & Co. shipped ten carloads of timothy hay to Knoxville on bills of lading issued to their own order. They drew sight drafts on Lewis Leonhardt & Co., payable to themselves, and attached one of said bills of lading to each of said drafts. They sold all of said drafts to the Citizens' National Bank of Evansville, Ind., for full value, and in the due course of trade, and these drafts were sold in turn by said bank to the Fourth National Bank of Cincinnati, Ohio, and by it to the Mechanics' National Bank of Knoxville, Tenn., for full value and in the due course of trade. The Mechanics' National Bank presented the drafts to Lewis Leonhardt & Co. for acceptance and payment, and they accepted and paid them all, and the drafts were delivered to them.

When Lewis Leonhardt & Co. unloaded the hay they discovered that it was not No. 1 timothy hay, and that it was worth $300 less than the hay they had contracted to buy. Thereupon they brought this suit and attached the money that they had paid to the Mechanics' National Bank on the drafts. They charged that the money belonged to W. H. Small & Co., and the Fourth National Bank of Cincinnati, the Mechanics' National Bank of Knoxville, and W. H. Small & Co., were all liable to them for the breach of the contract by W. H. Small & Co. to ship them No. 1 timothy hay, and they prayed for a decree against all of the defendants for said sum of $300. The Court of Chancery Appeals finds as a fact that the money attached did not belong to W. H. Small & Co., but that it belonged to the Mechanics' National Bank when it was attached. Small & Co. never entered their appearance to this suit, and are not before the court. The complainants do not ask for a decree against them.

The chancery court and the Court of Chancery Appeals have both rendered decrees against the Fourth National Bank of Cincinnati and the Mechanics' National Bank of Knoxville for $300 damages and costs, and the cause is now before this court upon defendants' appeal and assignments of error to the decree of the Court of Chancery Appeals.

The theory of complainants, which was adopted by the lower courts, is that when the defendant banks purchased said drafts they became the owners of the hay, and responsible for the performance of Small & Co.'s contract for its sale as to quality, quantity, and delivery, and are liable for damages to the purchaser for Small & Co.'s breach of the contract in any of said respects, although the drafts were negotiable, and said banks are innocent purchasers thereof, and on presentation to the drawees, Lewis Leonhardt & Co., they unconditionally accepted and paid drafts.

In the cases relied upon by the complainants and followed by the Court of Chancery Appeals, the courts of the states of Texas, North Carolina, and Alabama failed to recognize and apply the well-settled principles of commercial law laid down in the foregoing authorities. They erroneously assumed that the purchase of a draft with a bill of lading attached was a purchase of the goods represented by the bill of lading, and that a presentation of the draft for payment was a contract by the bank to sell the goods to the drawee, when, as a matter of fact the goods had already been sold by the drawer to the drawee, and, as a matter of law, the bill of lading and goods only passed as collateral security for the draft, which was the only thing the bank bought.

Furthermore, the rule laid down by the Supreme Court of the United States in the case of Goetz vs. Bank of Kansas City, supra, is necessarily the law in the case at bar, for another reason than that given in the foregoing authorities. If the sale of the drafts was in fact a sale outright of the bills of lading and in legal effect a sale of the hay to the defendant banks, as held in the case of Landa vs. Lattin Bros., 19 Tex. 246, 46 S. W. 48, and in Finch vs. Gregg, 126 N. C. 176, 35 S. E. 251, 49 L. R. A. 679, then the entire transaction was ultra vires, and no obligation arising therefrom could be enforced against the banks. National banks may take personal property as security for loans, or as security for bills of exchange purchased by them, but national banks have no power whatever to deal in merchandise of any kind, or in stocks or bonds.

The complainants are insisting that the banks, by purchasing the drafts with the bills of lading attached, agreed in turn to sell to the complainants ten car loads of No. 1 timothy hay, and that each of the banks have in turn breached the contract of sale by delivering an inferior grade of hay, and complainants are seeking to recover damages for the breach of the contracts. Hence this suit is obviously for the enforcement of the ultra vires contracts alleged to have been made by the banks.

It was expressly held in Federal cases, and has been held by this court in the case of Marble Co. vs. Harvey, 92 Tenn. 115, 20 S. W. 427, 18 L. R. A. 252, 36 Am. St. Rep. 71, that no suit can be maintained by either party in the furtherance or affirmance of an ultra vires contract—not even by a party who has fully executed the contract on his part. "Such illegal contracts," say the courts. "create no estoppel upon either party."

It is a fact of common knowledge that a large part of the commercial business of the country is carried on through the medium of drafts, and that the immense crops of the South and West are marketed under contracts to draw for the purchase price with bills of lading attached. If the courts shall adopt the rule insisted upon by the complainants, and enforced by the decree of the Court of Chancery Appeals, it will result in destroying this convenient method of handling, moving, and paying for the crops of the country, for the banks will necessarily be compelled to refuse to buy drafts with bills of lading attached, or to handle them as collateral security or otherwise. Banks have neither the time nor the facilities to investigate the genuineness of bills of lading, or the contracts made between their customers with parties residing in other states, and to hold them responsible for the frauds and mistakes of shippers would utterly destroy the negotiability of drafts with bills of lading attached.

With all due deference to the ability and standing of the courts of Alabama, Texas, and North Carolina, which have been cited and relied upon, we are of opinion that the rule which they announce is unsound and contrary to the otherwise unbroken weight of authority.

They proceed upon the incorrect theory that the bill of lading so vests the property in the indorsing banks that they are substituted to all the liabilities of the original drawer, and are the absolute owners of the property, while the true rule is that the indorsing banks hold the bills of lading simply as collateral to secure the drafts drawn against them, but they are not the guarantors of the quantity or quality of the goods shipped under the bill of lading. That is a matter between the drawer and drawee.

It is insisted for complainants that all but three of the drafts were stamped by the Evansville bank, which cashed them first and took the bills of lading, with this indorsement: "This bank hereby notifies all concerned that it is not responsible, either as principal or agent, for the quantity, quality or delivery of the goods covered by the bills of lading attached to this draft. [Signed] Citizens' National Bank." And the argument is made that, because three of the drafts were not thus indorsed, it was the intention of the parties that, as to these three drafts, a different rule should apply; and that the holders or purchasers of these drafts would be guarantors of quality, quantity, and delivery; and that, inferentially at least, the bank omitting to thus indorse the three drafts impliedly said: "We will be responsible for defects in the hay covered by these three drafts, but not that covered by the other drafts."

We think that this contention is not sound.

The indorsement was surplusage, and under it the bank was in no better condition than if it had not been made.

We cannot infer that the bank intended to render itself liable for the three drafts by failing to stamp the restrictive indorsement on them. For all we can know, they were overlooked. But, however that may be, they were put in circulation without any agreement or contract that a purchaser would be liable for the goods, and we must give them the same status as any other draft of like character.

We are of opinion that there are errors in the decrees of the chancellor and of the Court of Chancery Appeals, and they are reversed, at complainants' cost.

Proper decree will be entered disposing of the fund attached, if still held.

DRAFT — ASSIGNMENT FOR COLLECTION — BONA-FIDE HOLDER.

BANK OF AMERICA VS. WAYDELL, ET AL.

Court of Appeals of New York, January 8, 1907.

Having received a draft for collection, from one who appeared on the face of it an absolute payee, but actually was an agent for collection, a bank is held not to have become a bona-fide holder.

O'BRIEN, *J.*: The firm of J. F. Hasty & Sons of Detroit drew their bill of exchange or draft, dated August 11, 1900, and addressed to the defendants in their firm name of Waydell & Co., directing them, sixty days after date, to pay to the order of Ives & Son, the sum of $1,500 value received, and to charge the same to the account of the drawers. Ives & Son were bankers in Detroit. Proof was given at the trial and a finding made by the court that the draft in question was delivered to the payees for the purpose of collection, although the indorsement was in blank. Ives & Son, the Detroit bankers, remitted the bill to the plaintiff with a general indorsement, but it was accompanied by a letter which stated that they enclosed for collection and credit Waydell & Co. $1,500 no protest for non-acceptance.

It appears that Ives & Son had an account with the plaintiff which had been running a number of years. They had borrowed from the plaintiff $25,000 upon a collateral security note and agreement, which contained, in substance, the following stipulation: "The undersigned hereby agree to deposit with the said bank such additional collateral security as the said bank may from time to time demand; and also hereby give to the said bank a lien for the amount of all the liabilities aforesaid upon all the property and securities at any time given unto or left in the possession of the said bank by the undersigned. * * * The undersigned do hereby further authorize the said bank, at its option, at any time, to appropriate and apply to the payment of any of the said liabilities, whether now existing or hereafter contracted, any and all moneys now or hereafter in the hands of said bank on deposit, or otherwise, to the credit of or belonging to the undersigned, whether the said liabilities are then due or not due."

The plaintiff claims to be the owner of the draft by virtue of its indorsement to it and the stipulations contained in the collateral security note. When the plaintiff received the draft in question there was a large sum of money due to it from Ives & Son, the payees of the bill. The plaintiff received the draft on or about August 15, 1900. It was presented to the defendants, the drawees, for acceptance on the same day, and was duly accepted by them in their firm name on the next day, payable at plaintiff's bank.

By the terms of the bill and the acceptance, which are general and absolute, the draft became payable on October 10, 1900. After the acceptance, and before it became due, Ives & Son, to whom the draft had been delivered for collection, became insolvent and, before maturity of the bill, notice was given to the plaintiff by the drawers revoking its authority to collect it, and also to the defendants not to pay the same. It appears that the plaintiff never paid Ives & Son for the paper, nor, either at the time when it received it or any time thereafter, did the bank give to them any credit on the faith of the bill or its acceptance, nor did it release any prior or then existing obligation of Ives & Son, nor was any debt then or thereafter owing from Ives & Son in any way reduced, offset, or discharged by its possession of the paper, nor did the bank make any entry whatsoever with respect to the draft, or its contents, as between it and Ives & Son, nor did it do any act other than to present it to the defendants for acceptance and hold it against the time when it should become due.

The facts stated constituted the plaintiff a mere collecting agent of the Detroit bankers who had remitted the draft, and as it received the paper in the character of a collecting agent only, it obtained no better title to it, or to the proceeds thereof, than the remitting bankers had, unless it became a purchaser for value without notice of any defect of title. The real owners of the bill were Hasty & Co., who drew it upon the defendants, by whom it was accepted. As the plaintiff never parted with anything, gave no credit, relinquished no security, or assumed any burden or responsibility on the faith of the paper, it could not, in commercial language, be treated as a bona fide holder of the paper or of the money represented by it.

Without inquiring as to what change, if any, has been effected by the recent statute in regard to commercial paper, it is enough to say that the plaintiff never appropriated the paper in any way, or its proceeds. As already stated, it paid nothing to Ives & Son, gave them no credit, made no entry or writing in their account, or did any other action importing a consideration, and it had notice a month before the paper fell due and was distinctly advised that the Detroit bankers did not own it, but that the drawer did, and the recovery of the draft was demanded. There can be no doubt, we think, that under these circumstances the true owner of the paper had a right to recall it from the plaintiff, in whose possession it was for the purpose of collection. It is true that the paper came to the plaintiff's hands by general indorsement from Ives & Son, but the indorsement and the letter of advice in transmission must be read together, and so reading them the legal effect was to make the indorsement restrictive and the same in character as if the contents of the letter had been incorporated in the indorsement. It follows, therefore, that upon the facts found, and as to which there was little if any dispute, the plaintiff never acquired title to the bill. It was an agent merely for its collection. It was only in that character that Ives & Son received the paper from the drawer, and that was the only title that was conferred upon the plaintiff.

There are no elements in the case that can give to the plaintiff the character of a bona fide holder for value without notice. It had notice of the real situation before the paper fell due, and as it did not part with, or pay, any valuable consideration, at the time it received the paper, or at any other time, it is in no worse situation, legally, than it was before it received it. This case rests upon rules and principles that are familiar. The cases and authorities that amply support the principles applicable to the case are very fully examined in the opinion of the learned court below, and it is not needful to make any further reference to them here. It would be only repeating and restating rules applicable to commercial paper that have been applied in this state ever since the case of Coddington v. Bay, 20 Johns. 637, 11 Am. Dec. 342.

We think the judgment is right, and should be affirmed, with costs.

ACTION ON NOTE—PAROL EVIDENCE—AUTHORITY OF CORPORATION TO EXECUTE—PARTIES.

WESTERN GROCER CO. VS. LACKMAN, ET AL.

Supreme Court of Kansas, Jan. 5, 1907.

Where a note is signed, "The Kansas City & Olathe Electric Ry. Co., William Lackman, President, D. B. Johnson, Secretary," evidence is admissible, in an action by the payee against the makers, to show that the note was the obligation of the corporation, and not of the officers.

What the payee understood from the face of the note when it was accepted is not material.

Greene, *J.:* This was an action against D. B. Johnson and William Lackman on a promissory note payable to the plaintiff and signed as follows, "The Kansas City & Olathe Electric Ry. Co., Wm. Lackman, President, D. B. Johnson, Secretary." A verdict was returned for defendants upon which the court rendered judgment. The plaintiff prosecutes error.

Some questions are argued by both parties which may be eliminated at once. The answer was not a denial of the execution of the note. There was no evidence of any mistake having been made in the execution of the note, and neither question was submitted to the jury by the instructions. The actual defense, and the one which was tried and submitted to the jury, was: Did the defendants, when executing the note, intend to bind themselves, or did they intend to bind the corporation?

It has been held in this state that, where it is uncertain from the face of the note whether it was intended to be the note of the corporation, or of the individuals signing, or both, if the litigation arises between the original parties evidence may be introduced to explain the ambiguity. Upon the question whether a note signed as above is the obligation of the corporation or of the individual signers the cases are so conflicting that it would be useless to attempt to reconcile them.

Plaintiff assigns error in the refusal of the court to instruct the jury that, before the defendants could show that the note was signed by them as the obligation of the corporation only, they must prove that it was such a corporation as was authorized to execute promissory notes, and that the directors had authorized them to execute the note in question for it, and it cites Gardner vs. Cooper, 9 Kan. App. 587, 58 Pac. 230, 60 Pac. 540, as authority. That action was on an indemnity bond to which the bank was not a party. It was signed "H. H. Gardner, Cashier." In an action thereon Gardner attempted to prove that the bond was that of the bank of which he was cashier at the time. The Court of Appeals held that, before Gardner could disprove his prima facie personal liability, he must show that it was signed for and on behalf of the bank; that the bank had authority to sign such an instrument; and that it had authorized him to sign the bond for it. Banks generally have no authority to sign such instruments, and prima facie a cashier has no authority by reason of his position to sign such bonds for the bank of which he is cashier; but the rule is different with railroad corporations. Such corporations may bind themselves by bonds and notes, and they can only execute them by the president and secretary.

The court instructed the jury generally that, if they found from the evidence that it was not the intention of defendants to execute their personal note to the plaintiffs, but only to execute the note of the corporation, plaintiff could not recover. Error is predicated on this instruction, for the reason that it limits the inquiry to the intentions of Lackman and Johnson, without reference to the intention or understanding of the grocery company at the time the note was accepted. It appears from the evidence that, when the note was executed, the plaintiff had no representative present, and no explanation was made when the note was delivered. It was accepted without any express understanding between the parties as to whether it was the note of Lackman and Johnson or the corporation, or whether it was their joint note. So the inquiry was necessarily limited to the intention of Lackman and Johnson when signing the note. Since it is not claimed that there was any representation by Lackman and Johnson which induced the plaintiff to accept the note, and since it drew its conclusion and understanding from the note alone, what it understood from reading the note could not deprive Lackman or Johnson of their defense or broaden the inquiry to include the intention or understanding of the plaintiff.

The contention that there was error in admitting the defendants to testify to the conversation had between them and the attorney for the corporation, when the note was signed, as to the manner of signing it for the corporation, was not prejudicial.

The judgment is affirmed. All the justices concurring.

NOTE—EXTENSION.

ROWLAND VS. WATSON.

Court of Appeal, Second District, California, Nov. 26, 1906.

Where it was agreed between the maker and the payee of a note to extend the note for two months and to have paid "an additional bonus of fifty dollars per month for each month or fractional part of a month which said note shall be extended," the bonus can be collected for only two months, although the holder of a note did not enforce it, until some months after the expiration of the extension.

Gray, *P. J.:* This action is brought to recover the sum of $620.58 alleged to have been overpaid on a note and agreement set out in the complaint. The plaintiff had judgment as prayed, and the defendant appeals therefrom.

Whether the complaint supports the judgment for the $620.58 seems to depend entirely upon the construction which should be given to the contract hereinbefore referred to for an extension of time in the payment of the $700 note. It seems to be conceded by all parties that said contract extended the time for payment of said note for at least two months and attached a penalty or charge of $50 for each of said two months or fraction of month in addition to the regular 7 per cent. interest named in the note. But it is contended by appellant that a proper construction of said contract required the plaintiff to pay, in addition to the 7 per cent. interest, the sum of $50 for each and every month that the note remained unpaid after it fell due according to its terms; and it seems to have been upon this theory that the payment of $1,500 in satisfaction of the note was compelled by him. We cannot agree with this contention. On reading the contract it will be noticed that there was no agreement on the part of Watson to extend the time of payment for any period in excess of two months after August 1, 1903. It must be understood, then, that the agreement related only to those two months, and it was for each of those two months, or for one of those months and a fraction of the other only, that this $50 monthly charge was contemplated by the parties. Immediately at the conclusion of said two months' period the defendant Watson, by the very terms of the agreement, was in a position to bring suit and enforce payment of the promissory note. The time during which he subsequently let the matter rest without beginning suit was voluntary on his part. It was not done in pursuance of the agreement and did not carry with it any right to collect any bonus of $50 for each of the months subsequent to the two months mentioned. This, we think, is a fair construction of the contract, and is strictly in accord with the very letter of its terms; and, this being so, there can be no question but what the judgment for the sum named is clearly supported by the allegations of the complaint, conceding that said complaint states a cause of action.

PROMISSORY NOTE — INDORSEMENT — PRINCIPAL AND AGENT — PAROL EVIDENCE — ALTERATION OF INSTRUMENT—MATERIALITY.

NEW YORK LIFE INS. CO. VS. MARTINDALE, ET AL.

Supreme Court of Kansas, Jan. 5, 1907.

If the name of a person is not on a promissory note, he cannot be charged as an indorser by parol proof that the nominal payee, in accepting and indorsing it, was acting as his agent, when such agency does not appear on the face of the instrument.

An unauthorized alteration of a note, made by inserting a lower rate of interest than that carried by it originally, vitiates the instrument.

Mason, *J.:* S. A. Stotler applied for a policy in the New York Life Insurance Company, and for the first premium gave his negotiable note payable to Herman Fist, the company's agent. The note did not show the purpose for which it was given, or disclose that Fist as acting otherwise than in his personal capacity. Fist sold and indorsed the note to Howard Martindale, who after its maturity brought an action upon it against Stotler, also seeking to charge the insurance company, which he made a defendant, upon the ground that, as the note was taken and sold in the course of the company's business, Fist's indorsement bound the company. Upon a jury trial the plaintiff was given a judgment against the insurance company, but was denied relief against Stotler. The insurance company now seeks to reverse the judgment rendered against it, and Martindale asks that he be granted a new trial of his case against Stotler. Both claims of error must be sustained.

The insurance company cannot be held, for the reason that upon the face of the note there was nothing to connect it with the transaction, or to suggest that Fist was acting as an agent. Although it is familiar law that ordinarily where an agent while acting as such executes in his own name a written contract which does not reveal the fact of his agency parol evidence is admissible to charge the undisclosed principal, it is equally well settled that an exception to this rule is made in the case of negotiable instruments. "Where a person is not a party to a negotiable note or bill of exchange, he cannot be charged upon proof that the ostensible party signed or indorsed as his agent, since persons dealing with negotiable contracts are presumed to take them on the credit of the parties whose names appear upon them." 1 A. & E. Encycl. of L. 1141.

As between Martindale and Stotler the principal issue arose upon an allegation of an alteration in the note. Stotler testified that, when it was presented to him for signature, it bore the words, "with interest at the rate of ten per cent. per annum"; that he then refused to agree to pay interest, and the word "ten" was erased, the space being left blank, whereupon he signed it; that afterwards, without his knowledge or consent, the clause quoted was altered so as to read, "with interest at the rate of 5 per cent. per annum from maturity." Testimony that the change was made before execution was introduced by Martindale, who asked the court to instruct the jury that a note in which no rate of interest is expressed draws interest after maturity in virtue of the statute at the rate of 6 per cent. per annum. The request was refused, and the refusal is assigned as error. Upon this branch of the case the defendant in error Stotler argues that such an instruction was unnecessary, inasmuch as it merely stated what is a matter of common knowledge, with which the jury must be presumed to have been familiar. This consideration does not serve to excuse the omission to give the charge requested. The issue of fact was clear; the conflict of testimony direct. The jury were required to determine whether the figure "5" was inserted in the note before or after its execution. Surely nothing could be of greater importance in enabling them to arrive at a just conclusion than that they should understand the difference in the legal effect of the instrument dependent upon the presence or absence of the figure "5"—that they should have authoritative information that the note as pleaded by the plaintiff bore interest at a lower rate than Stotler says it did when he signed it. Assuming that the jury entered the box with correct views on the subject, we cannot be sure that, when they found the maker resisting payment of the note on the ground that it had been fraudulently altered by a lowering of the rate of interest, their confidence in their judgment may not have been shaken. Under such circumstances they may have reasoned that the alleged change must have been against the maker rather than in his favor, and inferred that it originally bore no interest even after maturity, especially as in his answer he had pleaded that the note expressly stated that it should bear none. For the failure to cover this matter by a proper instruction the judgment in favor of Stotler, also, must be reversed.

It seems to be conceded that a note may be vitiated by an unauthorized alteration made by lowering the rate of interest, and properly so, for the contract shown by the paper as changed would be different from that entered into by the parties, and whether a better or worse one for the obligor is not material.

Martindale also assigns as error the refusal to give an instruction requested in his behalf, to the effect that because the law presumes that men act honestly there was a presumption that the note was not changed after its execution. The complaint is groundless, for the court told the jury that the burden of proof was upon Stotler to show that the alteration was made after delivery.

The judgment is reversed, and the cause remanded for further proceedings in accordance herewith. All the justices concurring.

BILLS AND NOTES—CONSTRUCTION—SEALS—SCRAWL OR SCROLL.

LANGLEY VS. OWENS.

Supreme Court of Florida, Division A, Nov. 21, 1906.

Under a statute providing that a scrawl or scroll on a written instrument shall be effectual as a seal, the character or device, "(L.S.)" printed or written, opposite the name of the promisor, on a note, in the usual place for a seal, has a definite meaning and legal effect, in the absence of any contrary intention appearing by the instrument.

WHITFIELD, *J.:* The declaration, filed January 20, 1905, in the Circuit Court for Escambia County in this cause, is as follows: "The plaintiff, T. E. Owens, by his attorney, sues the defendant, Frank Langley, for that prior to the institution of this suit, on the 11th day of May, A. D., 1893, the defendant by his three promissory notes under seal, which notes are attached hereto and are hereby made a part hereof, promised to pay to the firm of Weinberg & Hays the sum of $97.37 thirty days after date, and the sum of $100 sixty days after date, and the sum of $100 ninety days after date; that the said payees thereafter for a valuable consideration indorsed the said notes and delivered them to the plaintiff; that the defendant has not paid said notes, or any part thereof, though often requested so to do. Wherefore plaintiff sues and claims damages in the sum of six hundred dollars."

Attached to the declaration are three notes, similarly executed, one of which is as follows:

"$97.37. Tampa, Fla., May 11th, 1893.

"Thirty days after date I promise to pay to the order of Weinberg & Hays ninety seven & 37-100 dollars at Gulf National Bank. Value received.

"No. ———. Due ———. Frank Langley.
(L. S.)"

The defendant presented a plea that "the said promissory notes the declaration described were not under seal, and that the above cause of action thereon did not accrue within five years before this suit."

It is not contended that the defendant did not in fact adopt and use the character or device, "(L. S.)," as it appears to the right of his signature in the notes, but that he did not adopt and intend it as a seal.

Where there is no dispute as to the character or device used in the execution of a written instrument, it is for the court to determine whether the device as used constitutes a seal. (See Beardsley vs. Knight, 4 Vt. 471; Jacksonville, M. P. Ry. & Nav. Co. v. Hooper, 160 U. S. 514, 16 Sup. Ct. 379, 40 L. Ed. 515.)

Chapter 4148, p. 72, Acts of 1893, which took effect April 28, 1893, provides: "That a scrawl or scroll, printed or written, affixed as a seal to any written instrument shall be as effectual as a seal. That all written instruments heretofore or hereafter made with a scrawl or scroll, printed or written, affixed as a seal are declared to be sealed instruments, and shall be construed and received in evidence as such in all the courts of this state." Under this statute a scrawl or scroll, affixed as a seal to the signature of the maker of a promissory note, is as effectual as a seal, and when such scrawl or scroll, printed or written, appears affixed to the maker's signature in the place usually occupied by the seal, it is, in the absence of anything in the note to the contrary, and in the absence of fraud, sufficient to give it effect as a seal.

If the device or character, "[ ]," is of itself a scrawl, as it was called in Comerford vs. Cobb, 2 Fla. 418, text 420, and in Bacon vs. Green, 36 Fla. 325, text 336, 18 South. 870, then the device or character, "( )," must also be a scrawl; and if the latter device or character is of itself a scrawl, certainly it is none the less so when the letters "L. S." are contained within it. If the word "Seal" contained within the scrawl, "[ ]" or "( )," is evidence that the scrawl was affixed as a seal, the letters "L. S.," which are in common use in the making of sealed instruments, when they appear within a scrawl opposite the signature of the maker of the notes, are certainly evidence of the purpose for which the scrawl was used; and, as nothing to the contrary appears by the notes, it must be presumed that the maker of the notes so used the device as his seal. While a seal was not necessary in making a promissory note, the party had a right to make the promise by a sealed instrument, and by the manner of its use the device or character, "(L. S.)," was really and in effect affixed as a seal to the notes, and they were thereby in law made sealed instruments.

The act of 1893 does not require that the use of the seal, or of a scrawl or scroll as a seal, shall be referred to in the instrument, nor that any particular scrawl or scroll shall be used. The only requirement is that a scrawl or scroll, printed or written, be affixed as a seal, to make the writing a sealed instrument. The character or device, "(L. S.)," printed or written, as it appears in the usual place for the seal, opposite the signature of the maker of the notes, is not ambiguous, since it has a definite legal meaning and effect when so used. It does not merely indicate the place where the seal should be put, because, when it is so used, the statute makes it as effectual as a seal; but it is a plainly designated scrawl or scroll affixed as a seal, within the meaning of the act of 1893 above quoted.

The demurrer to the first plea was properly sustained.

When an action is brought on a promise in writing to pay money that is complete in itself, and is not ambiguous or uncertain in its meaning, the intention of the maker and the legal effect of the terms used in the instrument should be determined by the court from an inspection of the instrument itself, and a plea averring that the intention of the promisor differs from the legal effect of the terms used in executing the written instrument is demurrable.

When words having definite legal meaning and effect are knowingly used in a written instrument, the parties thereto will be presumed to have intended such words to have their proper legal meaning and effect, at least in the absence of any contrary intention appearing by the instrument. If this is true of words, it must be equally true as to all terms which in law have a definite meaning and effect.

Notes executed as in this case have a definite meaning and legal effect, and it should be presumed that the maker intended them to have their proper legal meaning and effect; nothing to the contrary appearing by the notes as executed.

The meaning and legal effect of the notes as executed should be determined by the court upon an inspection of them, and the intention of the maker in so executing them should be gathered from the terms of the notes themselves. Each note is complete in itself, and there is no ambiguity or uncertainty in their execution. No fraud in the execution of the notes is averred.

The notes are in law sealed instruments and pleas which in effect admit the execution of the notes as alleged in the declaration, but aver that it was not intended that they should be executed as sealed instruments are demurrable.

No other questions are argued here for the plaintiff in error.

Final judgment for the plaintiff was entered upon failure of the defendant to plead further, and such judgment is here affirmed.

NEGOTIABLE INSTRUMENT—TRANSFERRER LIABLE AS INDORSER.

MAYES MERCANTILE CO. VS. HANDLEY.

Court of Appeals of Indian Territory, November 24, 1906.

A payee becomes liable as indorser of a note by transferring it to another. This point was decided under a statute in the Indian Territory.

The original action was brought by one Handley against the Mayes Mercantile Company, and the decision of the trial court having been adverse to the defendant, it appealed to the Court of Appeals of Indian Territory.

The suit was on a promissory note, and it was admitted that defendant, the Mayes Mercantile Company, by one of its officers having authority to bind said company, wrote the following words upon the back of said note, at the time said note was delivered to W. H. Handley: "The Mayes Mercantile Company Transferred to W. H. Handley." That plaintiff contends that said writing was a commercial endorsement and fixes the liability of defendant, and that defendant contends that said writing was intended to be and is in law simply an assignment of said note, and that defendant is not liable upon said note, by reason of such endorsement.

Townsend, *J.:* There is but one question before this court for determination, viz: whether the words "The Mayes Mercantile Company Transferred to W. H. Handley," written upon the back of said note by the defendant the Mayes Mercantile Company (plaintiff in error here) at the time of the delivery of said note to Handley, was a commercial indorsement, and fixed the liability of the defendant as an indorser, as contended by appellee, or was simply an assignment of said note, and that defendant was not liable as an indorser, as contended by appellant.

The contention of plaintiff in error is that it did not intend to indorse said note and bind itself as an indorser, and guaranty the payment of the note, but simply to assign and convey whatever interest it might have in said note. This was negotiable paper, and negotiable paper is properly transferred by indorsement and delivery, and when indorsed in the usual manner the one transferring the note is liable as an indorser, unless he uses some words limiting his liability, such as "without recourse," or words of similar import. (See Maine Trust & Banking Co. vs. Butler [Minn.] 48 N. W. 333, 12 L. R. A. 370), where the question is almost identically the same as in the case at bar. The indorsement in the note there was as follows: "For value received, I hereby assign and transfer the within note, together with all interest in and all rights under the mortgage securing the same to L. D. Cooke." The court there used this language:

"The appellant in this case, with much care, indicated his purpose to sell and transfer the note, but he failed to limit and qualify his indorsement by words which would clearly indicate such an intent, if in fact it existed. It was incumbent upon him to do so, if he intended or expected to escape the liability of the ordinary indorser. The phrase 'without recourse,' or its equivalent, which must be used on such occasions, is a very simple one, and in every-day use. The appellant did not insert in his contract of indorsement this phrase, or words equivalent thereto. To relieve one who puts his name on the back of a negotiable promissory note from liability as an indorser he must insert in the contract itself words clearly expressing such an intention."

In those cases the word "assign" is used, and the courts there held that the payee was not relieved of liability as an indorser. The statute (section 482, Mansf. Dig. [Ind. T. Ann. St. 1899, section 464]), also says: "All indorsers or assignors of any instrument in writing assignable by law, for the payment of money alone, on receiving due notice of the non-payment or protest of any such indorsed or assigned instrument in writing, shall be equally liable with the original maker, obligor or payee of such instrument, and may be sued for the same at the same time with the maker, obligor or payee thereof, or may be sued separately."

The judgment of the court below is therefore affirmed.

BILLS AND NOTES — PRESENTMENT AND PROTEST — WAIVER.

TORBERT VS. MONTAGUE.

Supreme Court of Colorado, Dec. 3, 1906.

Under the Negotiable Instruments Act in Colorado, presentation for payment, and notice of dishonor, may be waived by acts or declarations of the indorser calculated to mislead the holder, or to induce him to forbear taking necessary steps to charge the indorser.

The legal effect of a blank indorsement on a note cannot be varied by parol.

MAXWELL, *J.:* A trial to the court below, without a jury, resulted in a judgment against appellant as indorser upon three promissory notes. It is conceded that there was no presentment of the notes for payment, as required by section 70, p. 225, and no notice of dishonor, as required by section 89, c. 64, p. 228, of the Acts of 1897, "Negotiable Instruments" (3 Mills' Ann. St. Rev. Supp. sections 245m, 247d). But it is claimed that there was a waiver of presentment and notice of dishonor under sections 82 and 109 of the above statute, which are as follows:

"Sec. 82. Presentment for payment is dispensed with: * * * (3) By waiver of presentment express or implied."

Over defendant's objection plaintiff's husband, who was acting as her agent in the matter, was allowed to testify, in substance, that at the time the notes were indorsed and delivered to witness by Mr. Fowler, of the firm of Torbert & Fowler, of which firm appellant was a member, Mr. Fowler said, quoting from the abstract of the record: "That they [meaning Torbert & Fowler] would be responsible for the interest and the principal when it becomes due; that I would have nothing to do whatever with the collection of the note, or the principal of it; that they would look after the collection of the note when it became due and pay me the interest when it became due"; and that the same statement was substantially repeated several times thereafter prior to the maturity of the notes. A motion to strike out all of this testimony interposed by defendant's counsel was overruled, and an exception saved.

There is evidence in the record to the effect that Torbert & Fowler were conducting a chattel loan and business chance business in the city of Denver; that the notes upon which this suit was brought were indorsed by Mr. Fowler in the name of Torbert & Fowler at the time they were delivered to appellee's agent; that the firm of Torbert & Fowler managed and conducted the entire business for appellee, collecting and paying over to her the instalments of interest as they fell due and a portion of the principal of one of the notes, which seems to have been realized from the foreclosure of a chattel mortgage given to secure the note upon which a partial payment was made. In short, the evidence tends to prove that Torbert & Fowler were acting as the agents of appellee in the matter. Appellant did not introduce any evidence. The judgment of the court, set forth in full in the abstract, conclusively shows that it was based, in part at least, upon the testimony of the witness as to a parol agreement made contemporaneously with the indorsement of the notes to appellee. It is settled in this state that the legal effect of a blank indorsement, which was the indorsement upon the notes sued upon in this action, cannot be varied by parol. This being the rule, all testimony as to a parol agreement between the indorser and the indorsee contemporaneous with the indorsement of the note sued upon was incompetent, and should have been rejected.

It is insisted by the appellee that there is sufficient evidence in the record, exclusive of the incompetent testimony above referred to, to support the finding of the court to the effect that there was a waiver of presentment for payment and notice of dishonor. As seen above, by sections 82 and 109 of the negotiable instrument statute presentment for payment and notice of dishonor may be waived, and the waiver may be express or implied.

Appellant concedes this to be the law, but insists that the testimony relied upon, which is quoted from the abstract, supra, does not prove a waiver. The findings of the court were as follows: "I am compelled to find, from the evidence in the case, that the evidence discloses the fact that the conduct and promises and manner of transacting the business by the firm, on the part of Mr. Fowler, at that time misled and caused the plaintiff to rely upon those promises and upon that course of conduct, to the extent that she left the matter entirely to the firm of Torbert & Fowler to attend to the collection and take charge of the matter, and that the evidence discloses they got their pay for it and got their commission on this matter, and undertook the responsibility of doing it, and that was the cause, under the evidence at least, for the failure on the part of the plaintiff to present these notes and give any further notice of dishonor."

The question to be determined is whether, upon a fair construction of the language used by Fowler, his conduct in relation to the matters in controversy, and his acts as agent of appellee, was calculated to mislead appellee, to put her off her guard, and to induce her to forbear taking the necessary steps to charge appellant as indorser. Declarations intermixed with acts and conduct, as in this case, seem to us to raise a question of fact to be determined by the court or jury. The court below found this fact against the appellant, and we do not feel at liberty to disturb it.

In view of all the circumstances surrounding this case, as disclosed by the transcript of the evidence, which has been read with great care, the judgment will be affirmed.

Affirmed.

Gabbert, C. J., and Gunther, J., concur.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

PROMISSORY NOTE—HOLDER IN DUE COURSE—BILLS OF EXCHANGE ACT, 1890, S. 29—RESCISSION OF CONTRACT—PLEA OF FRAUD—AMENDMENT ASKING FOR RESCISSION—RESTITUTIO IN INTEGRAM.

MOORE VS. SCOTT (16 Manitoba Reports, p. 492).

The indorsee of a promissory note made payable with interest, payable annually, who acquired the note after default in payment of one of the annual interest instalments and with knowledge of the default, is not a holder of the note in due course as defined by section 29 of the Bills of Exchange Act, 1890, and defenses of fraud and misrepresentation set up by the makers of the note against the payees are available as against such indorsee.

STATEMENT OF FACTS: The plaintiff is a private banker at St. Paul, and brought this action to recover the sum of $1,166.66 with interest as a holder of a promissory note made by the several defendants to the order of McLaughlin Brothers, horse dealers, at Columbus, Ohio. The McLaughlin Brothers had through an agent sold to the defendants a horse for the sum of $3,500, and had taken notes payable at different times with interest at stated periods. The plaintiff claimed to have discounted a note for $2,500 from McLaughlin Brothers and to have received the particular note sued upon as collateral security for this discount. The makers of the note defended on the ground of fraud in obtaining the notes and also upon the ground that the plaintiff was not the holder in due course, having obtained the note after it had been dishonored by non-payment of one of the instalments of interest, and that he was therefore bound by the equity between the immediate parties, and the fraud of McLaughlin Brothers in obtaining the note could be set up against him.

JUDGMENT (HOWELL, *C.J.A.;* RICHARDS, PERDUE AND PHIPPEN, *J.J.A.*): A portion of the judgment of Mr. Justice Phippen may be quoted upon the first point. The plaintiff, who is a private banker at St. Paul, Minn., brings this action as the holder of a promissory note for $1,166.66 made by the defendants dated October 27, 1902, payable on December 1, 1904, with interest at seven per cent. per annum, payable yearly. The note was given to McLaughlin Bros., who are horse dealers at Columbus, Ohio, in part payment for a stallion, and it was by them indorsed to and hypothecated with the plaintiff in October, 1904, as one of several notes then given as security for a note of McLaughlin Bros. for $2,500 which the plaintiff claims he then discounted.

This $2,500 note was renewed from time to time. With each renewal a new hypothecation was given. The last renewal and hypothecation is dated June 19, 1906, and is in the words and figures following:

"$2,500. Merriam Park, St. Paul, Minn., June 19, 1906.

Four months (without grace) after date, for value received, we promise to pay to the order of the Bank of Merriam Park, Merriam Park, St. Paul, Minn., twenty-five hundred dollars, with interest at the rate of six per cent. per annum until paid, the interest to maturity at that rate having been paid in advance, and it being the intention that this note, if not paid at maturity, shall bear the same rate of interest thereafter as before, until paid, having deposited herewith (sundry notes). And we hereby give the said Bank of Merriam Park, or its assigns, full power and authority to sell said collateral security, or any other security which we may from time to time substitute therefor, or any portion thereof, at public or private sale, without advertising the same, or otherwise giving notice to . . . on the maturity of this note or at any time thereafter; and to apply so much of the proceeds thereof, less all expenses, toward payment of this note, with interest thereon, or at discretion to collect or otherwise convert said securities, or either or any part of them, and apply the proceeds toward such payment; and in case the proceeds thereof shall not cover the principal, with interest and expenses incurred, we promise to pay the deficiency forthwith upon demand. Payable at Merriam Park.

No. (sd) McLAUGHLIN BROS."

Due Oct. 19, 1906.

The hypothecations and notes, except the last, are not produced. Apparently each was surrendered to McLaughlin Bros. as and when a renewal was taken.

The defendants contend that the plaintiff's title to the note depends on the hypothecation of June 19, and he was not, therefore, the holder of the note when he commenced this action. If the plaintiff did hold the note at the particular time the suit was started it was argued that, by the agreement of June 19, he surrendered the note to McLaughlin Bros.

through accepting a new hypothecation, and in either event the plaintiff's action must fall.

With much hesitation I am unable to adopt this view. The plaintiff received the note in October, 1904. The effect of the several subsequent hypothecations must depend upon the intent of the parties. Taking the plaintiff's examination as a whole, I am not satisfied that they contemplated more than keeping the discounted note current. The indebtedness appears to have been treated as continuing, and there does not seem to have been any alteration made in the nature of the securities. The plaintiff speaks of the several transactions following the original hypothecation as "renewals." In reason it would appear to be unexpected that a banker should surrender a note received before maturity, immediately retaking same past due as security for the same indebtedness, thus without advantage to himself admitting the equities. It is true the hypothecation pledges the paper as security for "'this note," but on the whole I am inclined to the opinion that the note sued on must be taken to be held by the plaintiff as of October, 1904. I am probably more freely disposed to this view, as I think the action can be disposed of upon other grounds.

Mr. Justice Phippen then proceeds to give the reasons why he cannot accept the plaintiff's story that the note was taken by him in good faith and in the ordinary course of his business. Finding he was not a bona fide holder for value, his equities between the parties bound him. Chief Justice Howell considers the point as to whether the note is dishonored by non-payment of interest provided for in the note, so that a person finding title to the note after such non-payment of interest before the time provided for payment of interest would not be the holder in due course.

By the terms of payment of the note the interest is payable by instalments, and one instalment of interest amounting to over $80 was long overdue when the plaintiff became the holder and another instalment of like amount fell due a few days after the note came into his possession. About one month after the plaintiff became holder he forwarded the note to Canada for collection and claimed payment of all this interest.

It is fair to assume by his acts that he knew the overdue instalment of interest was in arrears when he became the holder. An instalment of the note was overdue. The makers of the note had defaulted and he must have known it. If the instalment were principal it must be presented and notice given to hold the endorser (Oridge vs. Sherborne, 11 M. & W., 378).

The law merchant gives the holder in due course a better title and higher rights than at common law the payee of a note has, but to get that right the note must not be overdue. Why is this? It is because an overdue note raises a suspicion that the payee cannot enforce payment. Default in payment of an instalment, whether of principal or interest, must to my mind raise the same suspicion.

Again, if there had been a dishonor of the bill, as by refusal to accept, and the plaintiff knew of it, he is not a holder in due course. This note had, to my mind, been dishonored, and the plaintiff has not shown he did not know it. There are strong presumptions that he did know it.

There are many American cases on the subject of an overdue instalment of interest on a note, some deciding one way and some the other, the majority of them holding that interest is a mere incident to a note and that non-payment of an instalment of interest is not a dishonor of the note.

The leading American case supporting that view is National Bank vs. Kirby, 108 Mass. 497, and I gather from reading the judgment that the conclusion is arrived at because of prior American decisions which have drifted the American law away from the English law. The learned judge in that case says, amongst other things: "Interest is not recovered on overdue interest, and the statute of limitations does not run against it until the principal is due."

This is probably American law, but it is not the English law. In Dickenson vs. Harrison, 4 Price, 282, and Atwood vs. Taylor, 1 M. & Gr., 760, it was held that where principal and interest are by contract made payable the same day there is a separate action for each, and that either can be sued for alone. Can it be doubted for a moment that the instalment of interest on the note in question could have been sued for when it fell due? If so, the statute commenced running when it fell due. As well might it be argued that an instalment of interest in a mortgage of real estate could not be sued for and that the Statute of Limitations did not apply to it. (See Manitoba Mortgage vs. Daly, 10 M. R., 425; McFadden vs. Brandon, 8 O. L. R. 610).

Subsequently National Bank vs. Kirby was approved of by Cromwell vs. County of Sac., 96 U. S. R. 51. That case also shows how widely the American differs from the English law on this subject. In speaking of the rights of a holder in due course, the learned judge uses the following language: "Mere suspicion that there may be a defect of title in its holder or knowledge of circumstances which would excite suspicion as to his title in the mind of a prudent man is not sufficient to impair the title of the purchaser. That result will only follow where there has been bad faith on his part."

This cannot be the law under the English and Canadian codes. The action in which this language was used arose from an overdue interest coupon to a municipal bond, and the learned judge applied, as a matter of course, to that case the law relating to bills of exchange and promissory notes, showing again how widely the law on this subject differs in the two countries.

The only English or Canadian law on this subject that I have been directed to is Jennings vs. Napanee, 4 C. L. T. 595, a decision of the county court judge in Toronto, and this case the learned trial judge followed.

I think the plaintiff became the holder of the note after it was due within the meaning of the code and, also, that it had been dishonored before he became holder, and he has not shown that he did not then have notice of it.

I have read the judgment of my brother Richards, but have not considered that aspect of the defence, being satisfied that the defendant should succeed on the line of law adopted by the trial judge.

IMPERIAL BILLS OF EXCHANGE ACT—NOTICE OF DISHONOR UNDER—REASONABLE TIME—DIRECT AND REGULAR MAIL—AGREEMENT WITH MAKER TO ACCEPT COMPROMISE AND EXTEND TIME OF PAYMENT—DISCHARGE OF INDORSER.

FLEMING ET AL. VS. MC LEOD (37 New Brunswick Reports, p. 630).

Under the Imperial Bills of Exchange Act, 1882, which provides (sec. 49, sub-sec. 12) that "notice may be given as soon as the bill is dishonored, and must be given within a reasonable time thereafter," and further provides that, "in the absence of special circumstances, notice is not deemed to have been given within a reasonable time, unless, where the person giving and the person to receive notice reside in different places the notice is sent off the day after the dishonor of the bill, if there be a post at a convenient hour on that day; and, if there be no such post on that day, then by the next post thereafter." Notice of dishonor of a note payable in London, England, by a person in this province sent the third day after protest by the first Canadian mail from London is not sufficient where there are mails leaving London for the United States between the date of protest and the leaving of the Canadian mail by which the notice would have sooner reached its destination.

An agreement by the holder of past-due promissory notes made with the maker, without the knowledge or consent of the indorser, to extend the time for payment to a fixed date, and accept in full satisfaction a compromise if paid at the date fixed, will discharge the indorser, although the compromise was not paid, and it was expressly agreed that in that event the holder's right against all parties should be preserved.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

GUARANTEED ENDORSEMENTS.

LEE, MASS., June 10, 1907.

Editor Bankers' Magazine:

SIR: Availing ourselves of the privilege you accord to subscribers, we desire to ask you respecting risk and liability in passing checks endorsed by parties not apparently authorized, for instance: A check drawn in due form by a party having sufficient funds to pay is made payable to "John C. Smith." It is endorsed "John C. Smith, by E. B. S.," and the bank which has received it forwards it through the usual channel for collection, endorsing it with the commonly-used rubber stamp which contains the words "prior endorsements guaranteed," but does not specifically stamp its guaranty over the irregular form of endorsement for payee, in fact, makes no guaranty except what may be covered by the form in the stamp above referred to.

Does the form "prior endorsements guaranteed," which occurs in the ordinary and usual endorsement, exonerate the payee bank from all risk and liability in paying the check without special guaranty? Is the form of endorsement a notice to the payee bank that the payee *has not* endorsed it, or such a notice that the payee bank is called upon to return it, or warranted in returning it for proper endorsement or guaranty? If not returned for this purpose would payee bank lose right to claim from corresponding bank if payee should set up that endorsement was not authorized and therefore improperly passed? Possibly you can refer me to an issue of your MAGAZINE in which you have answered this point. Please accept my thanks in advance for your kind attention to my inquiry.

J. L. KILBON, *Cashier.*

Answer.—The stamp "prior indorsements guaranteed" is an assurance that those indorsements are genuine. But if E. B. S. had no authority to sign the name of the payee, then that signature is a mere forgery; and, hence, the guaranty must imply that the payee's name has been placed upon the instrument with due authority. We think, therefore, that it is quite sufficient to cover the case, and that no special guaranty is required.

CERTIFICATES OF DEPOSIT PAYABLE TO MAN AND WIFE.

WINONA, MINN., June 23, 1903.

Editor Bankers' Magazine:

SIR: I read some time ago several articles in your MAGAZINE relative to paying certificates of deposit, made payable to man and wife, or survivor. I have mislaid the magazine, and would appreciate it if you would advise me the number that these decisions were printed in; I am also under the impression that one of the states had passed a law making it legal to pay a certificate to either party, whether they had knowledge of the decease or not. Any information you can give me regarding this will be appreciated.

O. M. GREEN, *Assistant Cashier.*

Answer.—A case bearing upon this question is Angsbury vs. Shurtliff, decided by the Court of Appeals of New York, December 30, 1904 (180 N. Y. 138) and reported in THE BANKERS' MAGAZINE for February, 1905, at page 193. In that case it was held that an instrument executed by a husband and wife, addressed to a savings bank, in which each had a separate account, requesting that their accounts be merged so as to run to either or to the survivor of them, constituted an order that their accounts be changed so as to make each the joint owner of the entirety, so that upon the death of one the survivor would become the owner of the whole. But it was further held that such an instrument was only executory until presented to the bank, and the changes made, and therefore might be revoked by either party at any time before the order was complied with by the bank, and that the wife having died before the authority was filed with the bank, her death revoked the authority. The question of certificates of deposit payable to a survivor is also discussed in replies to questions in the following issues of THE BANKERS' MAGAZINE: December, 1904, at page 918; February, 1905, at page 201; March, 1905, at page 346. We do not know of any such statute as our correspondent refers to.

JOINT ACCOUNT—PAYMENT TO SURVIVOR.

LAKE CITY, MINN., June 26, 1907.

Editor Bankers' Magazine:

SIR: At a meeting of Group One, Minnesota Bankers, soon to be held, one topic of discussion is to be, "Certificate of Deposit, New Jersey Decision." This refers to a late decision relative to paying to survivor a certificate of deposit issued to two parties, one of whom was dead when payment was made. I have been unable to find a report of the case, hence appeal to you. Can you aid me in securing a copy of the decision, and of others referring to the same question?

C. A. HUBBARD.

Answer.—We infer that the case referred to is Carlin vs. Carlin, decided by the Prerogative Court of New Jersey, July 23, 1906, and reported in 64th Atlantic Reporter, page 1018. That case, however, did not arise upon a certificate of deposit, but upon a savings bank account, standing in the name of "Peter Carlin or Maggie Carlin." The facts of the case were briefly these: Maggie Carlin had at various times delivered to her father, Peter Carlin, money to be saved for her, which he had deposited in bank in his own name. Afterwards, he caused the account standing in his name to be closed, and transferred $2,391.55 to a new account in the same bank in the names of "Peter Carlin and Maggie Carlin." The court said: "This case does not turn upon the question of an executed gift, for unquestionably a considerable portion of the money was the direct result of the daughter's earning, deposited by her as her money; and if the father chose to recognize his daughter's right to the result of her constant and industrious efforts, which he had led her to believe he was treasuring for her, and to make good to her, by the transfer of what he had in bank of her earnings as he had used from time to time, it was not a gift, but a restoration." The court held that the evidence was sufficient to show that the money did, in fact, belong to Maggie Carlin, and that as executrix of her father's estate she was not required to account for it. The case makes no new rule of law, but proceeds upon principles that have often been recognized. The court based its decision upon all the facts of the case, and not merely upon the fact that the account stood in both names.

SATURDAY MATURITIES IN CONNECTICUT.

BOSTON, MASS., June 24, 1907.

Editor Bankers' Magazine:

SIR: We had occasion this morning to verify our recollection of the laws of the state of Connecticut with reference to Saturday maturities, and consulted your abstract in the BANKERS' DIRECTORY. It seems to us that you are hardly clear or exactly present the conditions when you say: "When the day of maturity falls upon a holiday or Sunday, presentation for payment should be made on the next succeeding secular or business day." "Saturdays are holidays *from* 12 o'clock noon." As we read these statements they would not lead us to suppose that a note maturing before 12 o'clock Saturday should properly be held over until Monday. From other sources I see there is a special provision in the law for such maturities.

GEO. B. WARREN, *Cashier.*

Answer.—In this respect, the law of Connecticut is precisely the same as that of Massachusetts; for the Negotiable Instruments Law has been adopted in both states. The provision of that act governing this matter is as follows:

"Every negotiable instrument is payable at the time fixed therein without grace. When the day of maturity falls upon Sunday or a holiday, the instrument is payable on the next succeeding business day. Instruments falling due or becoming payable on Saturday are to be presented for payment on the next succeeding business day, except that instruments payable on demand may, at the option of the holder, be presented for payment before twelve o'clock noon on Saturday when that entire day is not a holiday." (Sec. 85.)

GROWTH OF BANK DEPOSITS.

BANK deposits, for which no record is available earlier than in 1875, were in that year a trifle over 2 billion dollars, in 1900 7¼ billions, and in 1906 12¼ billions. In 1820 deposits in savings banks amounted to 1 million dollars, speaking in round terms; in 1850 they had reached 43 millions, in 1875 924 millions, in 1900 2 1-3 billions, and in 1906 3¼ billions; while the number of depositors, which in 1820 was only 8,635, was in 1850 251,354, in 1875 2,359,864, and in 1900 6,107,-083, was in 1906 8,027,192, or nearly a thousand times as many as in 1820, while the deposits were more than 3,000 times as much in 1906 as in 1820.

NATIONAL BANKS OF THE UNITED STATES

Abstract of reports of condition of National banks in the United States on January 26, March 22 and May 20, 1907. Total number of banks reporting on June 18, 1906, 6,053; May. 20, 1907, 6,429; increase, 376.

RESOURCES.	*Jan. 26, 1907.*	*Mar. 22, 1907.*	*May 20, 1907.*
Loans and discounts	$4,463,267,629	$4,535,844,098	$4,631,143,691
Overdrafts	41,916,260	36,762,892	32,870,471
U. S. bonds to secure circulation	551,886,540	548,788,850	554,029,150
U. S. bonds to secure U. S. deposits	89,133,030	95,416,550	95,821,850
Other bonds to secure U. S. deposits	76,359,327	62,867,362	95,418,233
U. S. bonds on hand	6,117,680	7,700,850	6,924,030
Premiums on U. S. bonds	13,103,568	13,663,964	14,408,969
Bonds, securities, etc	659,524,827	682,575,675	679,016,228
Banking house, furniture and fixtures	152,929,524	154,817,856	157,895,557
Other real estate owned	19,268,238	19,386,545	19,878,068
Due from National banks	368,572,811	357,882,177	365,487,886
Due from State banks and bankers	134,799,469	138,046,962	136,156,214
Due from approved reserve agents	662,435,487	624,972,079	628,784,065
Checks and other cash items	28,897,118	28,476,553	32,497,412
Exchanges for clearing-house	128,249,619	262,866,736	273,101,069
Bills of other National banks	28,676,517	27,763,228	28,100,425
Fractional currency, nickels and cents	2,249,295	2,241,085	2,203,245
Specie	521,722,552	500,085,918	530,718,909
Legal-tender notes	173,780,969	156,134,637	160,877,239
Five per cent. redemption fund	26,942,421	26,915,984	27,096,574
Due from U. S. Treasurer	4,979,075	5,080,813	4,577,140
Total	$8,154,811,963	$8,288,289,837	$8,476,501,434
LIABILITIES.			
Capital stock paid in	$860,930,624	$873,669,666	$883,690,917
Surplus fund	524,969,813	523,216,918	534,794,629
Undivided profits, less expenses and taxes	165,705,083	182,549,115	185,618,409
National bank notes outstanding	545,481,870	543,320,375	547,918,696
State bank notes outstanding	30,424	30,424	30,423
Due to other National banks	900,574,124	859,867,389	875,767,697
Due to State banks and bankers	396,632,800	407,338,791	397,038,414
Due to trust companies and Savings banks	341,254,100	330,909,599	372,404,269
Due to approved reserve agents	38,465,679	39,042,929	40,329,665
Dividends unpaid	2,465,886	999,160	1,276,539
Individual deposits	4,115,650,294	4,269,511,629	4,322,880,141
U. S. deposits	145,891,090	140,801,794	170,062,674
Deposits of U. S. disbursing officers	11,471,053	12,557,155	10,625,535
Bonds borrowed	68,489,208	60,327,446	83,338,008
Notes and bills rediscounted	6,192,871	7,626,108	9,074,723
Bills payable	21,037,947	27,763,570	30,064,967
Reserved for taxes	2,504,806	2,020,196	3,618,368
Liabilities other than those above	7,064,286	6,737,572	7,967,353
Total	$8,154,811,963	$8,288,289,837	$8,476,501,434

Changes in the principal items of resources and liabilities of National banks as shown by the returns on May 20, 1907, as compared with the returns on Mar. 22, 1907, and June 18, 1906:

ITEMS.	SINCE MAR. 22, 1907.		SINCE JUNE 18, 1906.	
	Increase.	*Decrease.*	*Increase.*	*Decrease.*
Loans and discounts	$95,299,593	....	$424,253,613	....
U. S. bonds	4,869,280	....	65,210,700	....
Due from National banks, State banks and bankers and reserve agents	9,526,947	....	84,825,188	....
Specie	30,627,995	....	44,726,652	....
Legal tenders	4,742,602	....	....	$4,369,108
Capital stock	10,021,251	....	57,561,132	....
Surplus and other profits	14,647,009	....	55,249,670	....
Circulation	4,598,321	....	37,057,970	....
Due to National and State banks and bankers	48,381,338	....	140,272,566	....
Individual deposits	53,368,512	....	267,006,504	....
United States Government deposits	27,829,260	....	90,778,214	....
Bills payable and rediscounts	3,750,012	....	1,736,5[illegible]9	....
Total resources	188,211,597	....	692,273,321	....

BOLIVIA.

A NEGLECTED FIELD OF GREAT OPPORTUNITIES.

GEOGRAPHY—CLIMATE AND RIVERS—INTERNATIONAL COMMERCE—OBSTACLES TO PROGRESS—RAILWAYS—GOVERNMENT—BANKS AND MONETARY SYSTEM.

BY IGNACIO CALDERON,

BOLIVIAN MINISTER TO THE UNITED STATES.

NOTHING draws together or unites nations or individuals more closely than a community of interests and good will. Neighbors living in adjoining houses who maintain the unapproachable spirit and a total indifference to things that might be of mutual interest, and neglect to cultivate friendly relations, remain as complete strangers as if one or the other inhabited the antipodes.

To this spirit of aloofness may be attributed the lack of intercourse between the countries of North and South America. Many persons have such a confused idea of the countries lying south of Panama that the fact is truly lamentable. The belief seems to prevail that the republics of South America are a great distance away, while in reality some of them are no farther from us than the nations of Europe, and others are even much nearer.

Fortunately, from the time of the memorable voyage of the Secretary of State, Mr. Root, last year there has been a pronounced reaction in this respect, and to-day there is a general desire for information about the South American republics, extending from Panama to Cape Horn.

An Interesting Picture.

The unbiased observer who studies the progressive movement and the stability so noticeable throughout those countries will easily see that there lies a profitable and wonderful field capable of unprecedented development.

The young republics of South America occupy a vast territory of more than seven and one-half million square miles, with a population hardly reaching a total of sixty millions; and with an international commerce amounting to nearly $1,500,000,000, yet the United States' share in this large amount is scarcely twenty per cent.

The variety of products found in this vast territory of magnificent prairies and forests, rich in tropical and temperate zone products, and high mountains abounding in incalculable mineral wealth, should be a subject of special study and interest for the North American people.

In this article it is proposed to give a sketch of one of the most interesting as well as one of the richest South American countries, which, however, is so little known.

Bolivia and Its Geography.

The Republic of Bolivia is situated in the heart of South America. A mediterranean country enclosed between great branches of the Andes, but occupying a most important position from an economic and international standpoint. Lying in longitude west 59 degrees 40 minutes to 73 degrees 20 minutes (Paris meridian) and in latitude 9 degrees 35 minutes and 25 degrees 30 minutes in the eastern section and 11 degrees 23 minutes towards the west, it covers an area of more than 709,000 square miles. It is bounded on the north and east by Brazil; on the south by Argentina and Paraguay, and on the west by Peru and Chili.

The Cordilleras of the Andes, traversing the whole length of the continent, divide themselves in Bolivia into two principal branches: the one of the west, forming a kind of wall between the sea and the interior, closely follows the coast; the other, extending towards the east and known as the Cordillera Real, presents a series of peaks eternally resplendent in crowns of snow and lifting their heads to heights of more than 21,000 feet, as Illimani, and the Illampu with an elevation of 21,700 feet, and others equally imposing.

The high plateau of Bolivia occupies an area of more than 66,000 square miles, with a mean altitude of from 10,000 to 13,000 feet above sea level.

It is difficult to say whether the obstacles offered by the vast mountain walls to free commerce and the communication of the people is not more than compensated by the prodigious quantity of minerals these mountains contain, making Bolivia one of the richest countries of the globe.

The forests and vast plains extending eastward, with about 7,000 miles of navigable rivers, comprise a fertile agricultural territory embracing more than 304,000 square miles.

If the natural exuberance and richness of the eastern section of Bolivia is remarkable for its products, the region of the Cordilleras is the great storehouse of mineral wealth. The silver mines of Potosi, Oruro, Colquechaca, Huanchaca, and many others, have contributed hundreds of millions to the richness of the world. No less abundant are the deposits of copper, bismuth, zinc, cobalt, gold and tin.

As the Spaniards settled first in the mining regions, the section of Bolivia situated east of the Cordillera Real, which includes the extensive territories watered by the tributaries of the Amazon and the Plata, is the least populated. There are found the vast forests filled with fine woods suitable for all industrial purposes, such as railway ties, building and cabinet-making. Some of these woods are as hard as iron. Rubber, peruvian bark, and a multitude of useful and medicinal plants abound in this soil, whose wonderful fertility could easily support many millions of inhabitants. The coffee and cocoa are conceded to be of the finest quality; fruits and all tropical products are abundant. The climate is generally healthful and suitable for settlement by European races.

The Climate.

The mean temperature of the lowlands of the Amazon to an altitude of 2,000 feet above sea level is seventy-four degrees; to an altitude of 8,000 it is sixty-six degrees; and in the central plain, where the altitude varies from 10,000 to 12,000 feet, it is fifty degrees.

It is calculated that to every 181 meters of ascent of the mountains there is a drop of one degree in the temperature.

It may be said that in Bolivia there are only two seasons—the rainy season, which corresponds to summer, and extends from December to May, and the dry or winter solstice, lasting from May to December.

VIEW OF LAKE TITICACA.

In the latter months it seldom rains and the sky is clear and bright. The rains are more copious in the east and at times the rivers overflow and rise as high as ten meters above their ordinary level.

The Rivers.

Almost all of the navigable rivers of Bolivia flow into the Amazon, the most important being the Beni, which receives the Madre de Dios, the Orton and others before reaching its confluence with the Mamore, where it takes the name of Madeira, one of the most powerful tributaries of the Amazon.

Unfortunately, the navigation of this great river is obstructed by a series of very dangerous rapids. The Government of Brazil has agreed by treaty to construct a railroad around these rapids and thus expedite the Amazon route.

The Pilcomayo and the Bermejo are rivers of importance flowing toward the southeast and emptying into the Paraguay. The eastern section of Bolivia is also rich in grazing lands, where the stock industry promises to be highly lucrative. To-day there are found vast herds of wild cattle roaming over the lands.

Lake Titicaca on the boundary line between Peru and Bolivia is notable for its great altitude, for its romantic traditions and for the monuments of that distant epoch yet standing on the Island of the Sun. The lake's surface covers an area of more than 5,200 square miles.

International Commerce.

During the last few years the commerce of Bolivia has increased considerably. In 1905 it reached 69,665,000 in Bolivian money; an increase of thirty per cent. over the figures of the previous year; and, according to the statement of President Montes in his last message to Congress, in 1906 it reached eighty millions; and when the railroads now in course of construction are completed these figures could be easily doubled in a short time.

The commerce with the United States has also grown in recent years, and the construction of the railways will greatly augment the present movement. The importations into Bolivia in 1905 amounted to $1,720,000, and yet this small sum is a large increase compared with previous years.

During the first two months of the present year the exportations to Bolivia marked a great improvement, and amounted to $657,892.23.

On the other hand, the importations of Bolivian products into the United States hardly reached $60,000, while Bolivia produced rubber, tin, cocoa, cocoa leaves, peruvian bark and many other articles of great consumption in the United States, and which are purchased in Europe to be brought here.

The exportation of silver averages 13,000,000 ounces a year; copper, 5,000 tons more or less; the production of tin grows from year to year, so that from 1897, or ten years ago, when the production was about 3,000 tons, it had reached 17,000 in 1905, and during the past year it is probable that the exportation exceeded 20,000 tons of pure tin.

It is impossible to foresee the marvelous development that railway facilities will give to this industry, as well as to the general progress of the country. Bismuth, zinc and gold represent quantities no less important.

Obstacles to Progress.

The main causes that hinder the development of Bolivia's wealth are the difficulty and the cost of transportation, the lack of capital and the scarcity of population. To show to what an extent the high rate of freight hinders the growth of industries in Bolivia it is enough to state that coal at the seacoast is worth from eighteen to twenty-five shillings, or say four to five dollars, more or less, per ton; taken to the mines in the interior of Bolivia, according to the distance, yet this may not exceed five hundred miles, and the price will be from forty to eighty dollars. Efforts are being made to overcome this difficulty by means of electric and hydraulic power.

VEGETATION AT LA PAZ, ALTITUDE OF 12,800 FEET.

In spite of all the obstacles that the Bolivian industries have encountered on passing through the Amazon, the exportation of rubber in 1905 amounted to 1,700,000 kilos. This is a product whose output could be increased when the railways now building are completed. Sir Martin Conway calculates as not improbable that there may be about fifty million rubber trees in the region of the Upper Beni alone. Each tree is supposed to yield annually from three to seven pounds of rubber.

Railways Under Construction.

As the principal means of developing a country is to make it attractive and profitable for the immigrant and to facilitate the exportation of its riches, the Government of Bolivia has entered upon the construction of railways, which are so necessary for the progress of modern peoples.

The position Bolivia occupies in the heart of South America gives her commercial and international importance, and although deprived of her coast on the Pacific, she is in immediate contact with five of the most advanced republics; and it is to their interests to encourage a mutual trade for the benefits that will naturally result. And this is not all; the main railway line under construction in Bolivia has a continental bearing, as it will establish connection between the Argentine system that is now being extended into the interior of Bolivia with the Peruvian railroads coming from the north and the Pacific coast. Then Lima in Peru, La Paz in Bolivia, and Buenos Aires in the Argentine will be united within a few years by a continuous railway spanning the 2,500 miles more or less that separate the capital of Peru on the Pacific from the capital of Argentina on the Atlantic, and which will form an important section of the Pan-American Railway.

The lines to be constructed by the American syndicate are from La Paz to Tupiza, 530 miles; Oruro to Cochabamba, 133 miles; and La Paz to Puerto Pando, 200 miles; in all 863 miles.

Of these railroads the one from La Paz, passing by Oruro and Potosi to Tupiza, will form the chain uniting the republics of the Pacific with those of the Atlantic, besides traversing the richest metallic zone that exists, perhaps, in the world. The line from Oruro to Cochabamba will open to commerce the fertile valleys of the interior of that section—the most thickly-populated portion of Bolivia—and make that part of the country accessible to the navigable branches of the Mamore.

The railroad from La Paz to Puerto Pando, a port situated at the headwaters of the Beni, will open the territories of the Beni, where rubber grows in such abundance, also coffee and all the most valuable tropical products, as well as the various classes of woods. This railway will have the peculiarity of passing in a few hours from the frigid zone of the high plains, where there is practically no vegetation, to the tropical region of the orange and sugar cane. In a distance of less than thirty miles the traveler will be transported, as if by magic, from a temperature of perhaps forty degrees or less to one of seventy or more, as he descends through wonderful scenery to the other side of the great eastern chain of the Andes.

But these railroads are not the only ones that are to transform in a comparatively few years the economic life of Bolivia and give her the rank and importance to which her size and position entitle her. By a treaty of peace recently celebrated with Chili that Republic agrees to build (and work has already commenced) a railroad from Arica to La Paz, a distance of some 300 miles. That line will unite Bolivia with the Pacific by a road much more direct than that at present afforded by the Antofagasta line, which is 575 miles long, or that from Mollendo to La Paz via Lake Titicaca, a distance of 563 miles, and will bring the city of La Paz within eight or ten hours' time of the coast.

The Bolivian Congress authorized more than a year ago the building of a railway from the borders of the River Paraguay to Santa Cruz, one of the most mediterranean cities, but destined to become one of great importance. The projectors have deposited the sum of 100,000 pesos as a guaranty for the execution of the contract, and the construction materials have begun to be transported by way of the Plata and the Paraguay rivers. The length of this line will be 497 miles. This will offer free communication to the rich oriental zone by way of the Plata and the Paraguay and open to immigration and progress a territory of more than 242,000 square miles, watered by large rivers and of remarkable fertility. There are on foot other projects of railway construction of no less importance.

Government.

Bolivia has a constitution based on the unitarian form of central government. The executive power is vested in a president elected every four years by direct vote of the citizens, and who cannot be a candidate for re-election until after an intervening term.

There are six cabinet ministers, selected by the president; but Congress has the right to examine their acts, which if not approved may cause their resignation.

Congress is composed of two houses: The Deputies, who are elected in accordance with the number of inhabitants of their respective sections; and the Senators, two for each of the eight departments into which the Republic is divided.

The judicial power is vested in a Supreme Court, whose members are appointed by the Senate; and lower courts and judges. The members of the Supreme Court are elected for ten years and the other judges for four years.

Foreigners have the same rights as the natives, excepting that of suffrage, and may become members of the municipal bodies of the places where they establish their residence.

Banks and Money System.

The establishment of banks in Bolivia is regulated by a law promulgated September 30, 1890.

There are to-day in Bolivia five banks of issue and three mortgage banks. The first bank was established in 1867. According to law any person desiring to open a bank of issue must ask authorization from Congress, which being granted, it is then required to show proof of the necessary capital. This should be at least 500,000 bolivianos in hard money, or silver and gold bars. The head of the bank is obliged to make affidavit that these funds are the property of the bank and form its capital.

The bank may then proceed to issue notes of one, five, ten and one hundred bolivianos up to an amount equal to one hundred and fifty per cent. of the capital; and must keep on hand at least thirty per cent. of the value of the notes issued. The loans to one individual or corporation must not exceed ten per cent. of the capital. The bank is obliged to convert its bills into money upon presentation.

Bolivia has never had paper money, and currency is on the hard-money basis. The banks cannot lend on real estate. Generally they allow credit on current accounts, with guaranteed collateral or under the endorsement of two concerns of recognized standing.

For obtaining money on real estate there are special institutions called mortgage banks, which lend on this class of securities exclusively. Such loans must not in any case exceed fifty per cent. of the value of the real estate. They are made for a fixed term of amortization so that at the expiration of their time the debt becomes paid.

The interest charged by the mortgage banks is eight and ten per cent., with an additional commission of one-half per cent., and so much for the amortization of the capital, according to the time of the loan.

Bolivian money is based on the silver standard, the monetary unit being the boliviano, which is a piece of silver 900 fine, weighing twenty-five grams. The smaller pieces are: the half boliviano, of twelve and one-half grams; the peseta of five grams; the real of two and one-half grams; the half real of 1.200 grams. For the latter there have been substituted the nickel, five and ten centavos and the copper one and two centavos.

The bank bills represent denominations of one, five, ten, twenty and one hundred bolivianos. The value of the boliviano fluctuates, varying with the price of silver, but recently it has been steady at twenty d., or forty cents gold.

In the Congress of the latter part of last year the Government presented a project of legally adopting the gold standard, which will overcome the inconvenience of the fluctuations in values. The plan is to make the standard gold money of twelve and one half bolivianos equivalent in value to the pound sterling.

The establishment of the gold standard will greatly help the stability of values, thereby attracting the investment of foreign capital.

All of the Bolivian banks are established with national capital, and, as a rule, they produce an annual dividend for their shareholders of from ten to twelve per cent. net. Recently the Banco Aleman Transatlantico and some other German banks have established branches in La Paz and Oruro.

The great development of the mining industries and the increased traffic that will follow the completion of the railways will offer a very profitable and sure field for foreign investment and enterprise.

The Country's Mineral Resources.

The mines are one of the principal sources of wealth of Bolivia. The laws relating to the adjudication of mining properties are very liberal. Any person possessing the legal capacity to contract may ask for as many as thirty hectareas in new mining regions, and an unlimited number of hectareas in sections already exploited. To the request there must be attached a stamp for ten bolivianos ($4), and if there is no opposition the applicant becomes the owner of the property, subject to a small contribution, called the *patente*, payable annually.

In the section embraced between Oruro and Potosi, and in many places in the Department of La Paz, are found numerous lodes of tin mines, many of which are being actively worked.

In order to form an idea of the benefits of this work it is well to take into consideration the following facts:

The price of pure tin in London in recent years has fluctuated between 182 and 198 pounds sterling per ton. For the following figures we will take the minimum price of £180 per ton. As Bolivia exports the greater part of tin unrefined, called barrillas, which is the crude metal averaging sixty per cent.; the result is that a ton of *barrilla de estano* represents a value of £108 net. The profit of the mines is more than one hundred per cent., according to these figures; as, counting the cost of mining, payment of duty and freight to Europe does not exceed £52 per ton.

Naturally, in some cases the cost may be much less, because this depends upon the richness of the mineral, the machinery used, etc.

The exploitation of copper offers equally as advantageous results, and is not more costly than tin.

Other Industries.

In the pampas of northeast Bolivia, with an outlet to the Argentine Republic, it is possible to develop the grazing industry on a great scale, as in the provinces of the Gran Chaco, Santa Cruz and part of the Department of Chuquisaca there are extensive lands where grazing could be developed to great advantage and at a small cost.

Regarding the exploitation of rubber, in all the eastern region about the tributaries of the Amazon, such as the Beni, Mamore and the Madre de Dios, are found vast forests of rubber trees, whose exploitation offers a profitable field.

These industries demand capital for development on a large scale.

On account of the development of the mining industry in Bolivia there is a great demand for all kinds of mechanical appliances, and therefore the manufacturers could find a good market for their products.

IGNACIO CALDERON,
Bolivian Minister to the United States.

THE BOLIVIAN MINISTER TO THE UNITED STATES.

AMONG the instrumentalities that are exercising a powerful influence in promoting closer relations between the United States and the Latin-American nations, the diplomatic representatives of the latter countries hold a prominent place. The ambassadors and ministers from Mexico, Central America and South America include men who have occupied eminent stations in their respective countries, and who are thoroughly familiar with the political, social and business life of the United States.

One of the distinguished diplomatic representatives from South America is Senor Don Ignacio Calderon, Envoy Extraordinary and Minister Plenipotentiary from the Republic of Bolivia to the United States.

Senor Calderon is descended from an ancient and honored Spanish family named Calderon de la Barca, the qualifying words having been dropped in the course of time in accordance with the spirit of the New World which considers native worth as of more importance than ancestry.

The history of the family in South America begins with a Calderon who, as governor, was deputed by Spain to Upper Peru, then a vice-regency with a territory including what is now Argentina, Peru and Bolivia. The immediate descendant of this agent of the crown was esteemed as a jurist of high repute.

Ignacio Calderon, Bolivian Minister to the United States, is one of the best examples of the progressive and patriotic Latin-Americans whose aim is to do everything within his power to forward his country's interest and place among the nations. He was born at La Paz in 1848. After completing his education, at the University of La Paz, he became, at the age of nineteen, a professor of history in that university. Here he continued for one year, when he began his diplomatic career by becoming Second Secretary of the Bolivian Legation at Rome. He held this post for two years, when he was recalled to Bolivia to take the important position of Supervisor of Public Instruction, and later he was appointed First Secretary of the Bolivian Legation at Lima, Peru.

At about the age of twenty-eight Senor Calderon resigned from the diplomatic service and came to America for travel and study. Probably the educational opportunities afforded by the Centennial Exhibition, held at Philadelphia in 1876, inclined him to locate in that city. It was here, a year later, that he married the daughter of an old Quaker family, Miss Arcadia Lee Cropper Yarnall of Virginia. Then followed a period of travel throughout the United States with an offer of appointment by the Bolivian Government in 1879 as Charge d'Affaires. The character of the executive at the head of his country's government at that time (then at war with Chile) did not meet with his approval, and accounted for his refusal of the post.

In 1900, in recognition of his capacity, President Pando made Senor Calderon a member of his cabinet with the responsible post of Secretary of the Treasury. Confronting him at the date of his appointment was the troubled conditions prevailing with Brazil, whose dispute over the Acre tract had, since 1867, threatened to involve the two countries in strife and war. His interim of service prior to coming to America has seen the contention amicably settled, with $10,000,000 added to the Bolivian Treasury.

Since his appointment as Minister to the United States, in May, 1906, Senor Calderon has performed a valuable service to his country by interesting a syndicate of New York capitalists, co-operating with the Bolivian Government, in the construction of railways in Bolivia. This will be of vast benefit to that country in bringing its mineral and other great natural resources to the world's markets.

Minister Calderon is not only an accomplished diplomat, statesman and scholar, but is also a man of affairs and keenly alive to the conditions essential to modern progress. He is a man of unassuming demeanor, courteous to everybody, and affable to his friends. His labors at Washington have already done much to forward the interests of his own country by cultivating closer relations between Bolivia and the United States, based upon mutual justice and good will.

GOLD COINAGE IN CHINA.

CONSUL-GENERAL JAMES RAGSDALE furnishes the following report from Tientsin:

The Board of Finance and the Director of the Chinese Imperial mint have passed the following resolutions in connection with the coinage of gold:

1. That more mines be prospected for, so as to insure a sufficient supply of gold.
2. That the provinces be ordered to make purchases of the metal and quickly transport same to Tientsin for minting. Rewards will be granted to the provinces which make the largest purchases.
3. That experimental coinage be made first in Tientsin, and extended to other provinces should it prove to be satisfactory.
4. That a uniform rate of exchange be fixed.
5. That one-tenth of the pay of officials of all grades above 100 taels be in gold.
6. That the gold coins be accepted for payment of customs and likin.
7. That gold, either in bullion or coin, is prohibited from being exported.
8. That the metal is prohibited from being used for the coating of idols.
9. That a law be passed to prevent the destruction of gold coins for any purpose.

RAILROAD VALUATION.

BY IVY L. LEE.

"If the United States Government undertakes the valuation of railroad property, it will enter upon an uncharted sea. The undertaking would be stupendous. A readjustment of the tariff would be as child's play beside it."—Wall Street Journal, April 19.

SO much has been said, so many courses suggested, in regard to railroad valuation, that one is reminded of the celebrated passage with which Daniel Webster began his reply to Hayne:

"When the mariner has been tossed for many days in thick weather and on an unknown sea, he naturally avails himself of the first pause in the storm, the earliest glance of the sun, to take his latitude and ascertain how far the elements have driven him from his true course. Let us imitate this prudence; and, before we float further on the waves of this debate, refer to the point from which we departed, that we may, at least, be able to conjecture where we now are."

The proposal to make a "physical valuation" of the railways of the United States—a suggestion without precedent in any other country on the globe—received its official launching in the Annual Report of the Interstate Commerce Commission for 1903, when it was urged that such a valuation should be made to enable the commission to apply "the judicial rules for the determination of reasonable rates for freight and passenger traffic," which "include and lay stress upon the *fair value* of the roads whose rates are the subject of complaint."

The valuation idea was later taken up and has been urged by Senator LaFollette ever since his entrance into the Senate. Mr. LaFollette took the view that the ascertainment of actual railroad values would furnish a basis for the making of rates, when the Interstate Commerce Commission arrived at the point where there was a demand for extensive rate changes through it—a situation which has not as yet arisen.

The Interstate Commerce Commission, however, never seriously maintained that a knowledge of the actual or true value of railroad property would enable it to make any particular rate, or to revise any given rate, with a great degree of justice. The LaFollette idea of having such a valuation made was adopted by the Interstate Commerce Commission last winter apparently with a different purpose in mind. This was the ascertainment of the value of railroad property in order to estimate more accurately the real economic position of the companies, and possibly to afford a basis for a Federal system of supervision of the capitalization of interstate lines and thereby prevent the issue of watered capital.

From these ideas, which underlay the original suggestion for valuation, the more thoughtful adherents of the scheme have gone on several new tacks which indicate a much more comprehensive grasp of the fundamental difficulties of the problem. For example, Mr. Prouty, one of the most outspoken members of the Interstate Commerce Commission, in an address before the National Association of Manufacturers in New York on May 22, said:

"The popular impression that if the value of our railroads were known it would be easy so to adjust rates that a fair return upon that value, and only a fair return, would be obtained, *is entirely erroneous.* The most that can be done in most cases, in fixing the value of our railroads, would be to determine the cost of their reproduction at the present time. . . . Such a valuation would . . . establish, as it were, a *point of departure* to-day from which future values might, in some measure, be reckoned. It would give the people definite knowledge of the actual money cost of our great transportation systems, and would be of immense value in correcting many erroneous impressions in this respect."

Note the abandonment here of the idea that a definite or immediate purpose of any kind will be achieved by a railroad valuation. The President himself in his Indianapolis speech, in stating his reasons for the proposed valuation, said:

"At the outset, let it be understood that physical valuation is no panacea; it is no sufficient measurement of a road, but it will be ultimately needed as an essential instrument in administrative supervision. It will be of use to the commission in connection with the duty of determining the reasonableness of future capitalization both as one element to enable such a body to come to a right conclusion in the matter, and also as *an element to be placed before the investing public* to enable this public, in its turn, to reach a conclusion."

It must become apparent from these quotations that far from expecting to realize a specific result from the proposed valuation, its most active supporters now acknowledge that only a vague and remote aim would be reached. Should it not, therefore, be considered very seriously and critically whether it is worth while to spend the public money in such a direction, and consume much time and create more uncertainty in the minds of investors, where too much already exists, as to the real intention of the Government?

The Danger Which Lurks in the Plan.

In any discussion of this subject, it must be borne in mind that we cannot neglect the many delicate facts which intimately concern this matter. And one of these facts—no matter whether it ought to be true or not—that, no matter what professions the Government might make, the embarkation upon a scheme of valuation would arouse very grave misgivings, for many legitimate investors would feel—perhaps vaguely but yet certainly—that the ultimate effect of such a scheme would be an attack upon their properties. And, indeed, is it extravagant to assume that a Government valuation would be a firebrand in the hands of demagogues or in the hands of sincere and yet misinformed or inexperienced Federal or state legislators?

And is this factor not worthy of the most serious thought at a time when the credit of railroads is so sensitive that so shrewd an observer of railroad conditions as James J. Hill is led to observe (in an interview on June 13):

"I believe that the Government will eventually be forced to lend its credit to the railroads in order to finance their necessities. The demands of the public are becoming more insistent all the time. It will insist that the railroads shall lay certain rails and add more cars. The railroads will say that they cannot, that their credit is exhausted; then the Government will have to step in and supply this deficiency. The situation might eventually lead to Government ownership of railroads. If such a thing comes to pass it will mean the end of republican government."

This is no mere pessimistic grumble, for even if we fully accept the President's assurances that there will be no attack on past security issues and that a valuation will help the railroads, we cannot overlook the possibility that within a twelve-month from the beginning of this scheme, a new President might be inaugurated who would hold to the view expressed by W. J. Bryan, who on April 16, 1907, said in a speech in Brooklyn, N. Y.:

"You cannot have regulation until you know what the railroads are worth. The attempts at regulation so far have been worthless because of this very fact."

Mr. Bryan, who appears to believe that the value of railroads, like the price of silver, can be established by Government fiat, also stated in a letter to Henry M. Whitney of Boston, under date of March 25, that "the present value of the railroads should be ascertained by the Interstate Commerce Commission and the commissions of the various states, in order that investors may know when they are buying stock of intrinsic value and when they are being cheated."

That such danger as careful men might consider to lurk in the proposed plan is not altogether fanciful may be seen in this circumstance: A few years ago the Interstate Commerce Commission ordered the carriers to report in detail the tons and ton miles of certain commodities, such as coal, lumber, etc., and the revenue derived therefrom. As such reports involved great labor and expense, the railroads refused to make them. Under the new rate law such reports will have to be made. Let us assume that during times of great prosperity a railroad earns ten per cent., or twelve per cent. on its stock, and that upon complaint of a shipper the commission orders a reduction in the rate on certain articles of freight. With the above information before the commission, it could readily ascertain the effect upon the earnings of the company, and if the representatives of that railroad demurred, the commission could say: "The reduction merely amounts to a small percentage of the earnings. The official valuation shows that you are earning too large a profit on the value of the property, and therefore, the new or reduced rate is just and reasonable." It is a fair subject of doubt as to whether commissions, state or Federal, would accept, in such circumstances, the railroad argument that it is impossible to ascertain whether any one or any series of freight rates are specifically remunerative to a company.

Can investors be blamed, then, if they reason that even if the President and the Interstate Commerce Commission should agree that rates cannot be based upon valuation and that such valuation cannot be used for the purpose of determining the reasonableness of rates, yet the Interstate Commerce Commission may, in fact, at some future time, by reason perhaps of a changed personnel, deduce from the Federal valuation a formula for the most radical reduction in rates? In this, and in other ways, and notwithstanding the impossibility of arriving at a just and equitable valuation, if official figures are established at all, they will do infinite harm. Whenever a railroad has occasion to appeal from a decision of the commission to the courts, it will labor under the disadvantage that the "value" of its property has seemingly been established by a Federal tribunal.

If nothing in the nature of an attack is contemplated, then why should a valuation be made in the first instance? Certainly, not to add anything to the value of properties. It is not supposable that the Interstate Commerce Commission would permit a railroad to increase its freight rates because a company was found to be under-capitalized. It is very generally believed by well-posted men—and the view received endorsement by the President in his Indianapolis speech, that any valuation will disclose a nominal value far in excess of the present capitalization of most railroads. Is it to be assumed that upon this fact there can be predicated any increase in rates upon those lines?

But let us grant for the moment that the danger of affecting sentiment and undermining confidence will be worth risking in view of the results to be obtained—is it possible to reach any conclusion at all that can command the confidence of thoughtful men? And let us never forget that any valuation of railway properties by the Government, although its conclusions might be regarded as preposterous by experts, must have weight with multitudes of the undiscerning who would be apt to regard the worth of properties as fixed more or less by the Government stamp.

Various Methods of Determining Values.

What is to be the basis of the proposed valuation? There are now four methods seriously discussed: Determining the cost of reproducing the property; by ascertaining earning capacity and capitalizing this; by finding out the original cost, and by accepting the combined market values of all stocks and bonds of the property concerned.

It is generally conceded that in any plan of valuation which should be made, Professor Henry C. Adams, Statistician to the Interstate Commerce Commission, would be an important factor. Not long since he made this statement of his idea of a fair method of valuation:

"Railroad valuation must be based on the physical inventory and the earning capacity, and there must be a Federal valuation free from the speculative element except by the use of market prices in determining the rate of capitalization to the extent that earnings are accepted as a basis of valuation."

Professor Adams here speaks of "physical inventory" and "earning capacity" as though they were two individual factors which could be balanced up. Indeed it is quite common to hear arguments in favor of a "physical valuation," which Professor Adams describes as "inventory by a competent engineer, which would result in a classification of the physical elements of railway properties and an assignment to each element of its appropriate present value."

In order to analyze this declaration of Professor Adams, we must find out what is value. Professor Adams reasons as though value was an intrinsic quality of physical things—like weight or hardness or length and breadth--although it is a familiar economic principle that value is not a quality but a relationship—a relationship in the case of railroads between earning capacity and property. With a change in rates the earning capacity may vary so materially that physical valuation as a basis of rates would substitute a condition for a cause, and would be therefore altogether erroneous and misleading. A thousand miles of track, a locomotive or a freight car cannot be isolated and declared to have value inherent in itself. The value of either is dependent upon the use to which it is put and the service that it renders to the community. This value is measured in money according to the relation which the service rendered bears to many other conditions. Suppose, for example, one road built in a fertile valley with easy grades and curves, and another across a mountain range. One may have been built for $25,000 a mile, and the other for $100,000 a mile, yet the first might easily earn several times as much as the second, and of course, would be worth proportionately more.

A case in point is a small railroad in Pennsylvania which in 1905 showed net earnings of $25,000. In 1906, owing to special factors, the line showed a loss of $10,000, because a new road was built to parallel it, and turned real value into an actual burden or loss. The value of the property based upon the original cost, cost of maintenance and operation, improvements, or of reproduction, was greater in 1906 than it was in 1905, and yet the value of the property as a railroad was less.

Another suggestive case is that of a small road in Cincinnati, known as the Cincinnati, Lebanon and Northern Railway, now owned by the Pennsylvania interests. This line was less than forty miles in length with heavy grades and with little or no local travel, but built through a section of Cincinnati that covered a growing development of manufacturing and other industries. The road went through bankruptcy and was purchased by several men who maintained the property for several years but realized nothing from it. Realizing its strategic location, the Pennsylvania purchased it. In a few years they turned a heavy traffic upon it, built up its local business and put it on a dividend-paying basis. The mileage was not increased, although some property was added. Its physical condition was somewhat improved, both as to track and improvements. The company's real physical valuation, however, as it existed prior to its purchase by the Pennsylvania, and since that time, would show but little difference comparatively, though its actual valuation was enormously increased.

"The value of the property results from the use to which it is put," says the Supreme Court in the case of Railroad, etc., vs. Backus, 154 U. S., "and varies with the profitableness of that use, present and prospective, actual and anticipated. *There is no pecuniary value outside of that which results from such use.*"

It is, furthermore, illogical to attempt a valuation of railroad property piecemeal. It is as though a man should take a machine apart and then try to determine its value by appraising each part, forgetting that the value of the machine depends entirely upon its productiveness as a whole.

The value of a railroad, then, depends upon the degree of efficiency with which it is able to serve its purpose of affording safe, regular, expeditious and cheap means of communication, and more especially upon the volume and character of traffic which it has been able to develop in the course of years.

No Dependence on Original Cost.

But little light could be shed upon this value by ascertaining original cost. A railroad, according to any hypothesis, is private property, and private property is certainly entitled to the major portion of the increment which may arise from fortunate location, foresight, or economic management. The value of a railroad, like that of any other business property, may be a matter of growth, while its location, good will, and established business are elements to be considered in determining its value. It would be absolutely impossible to reproduce a large number of the railroads. If the terminals of any well-established railroad company were to be wiped out of existence to-day, it would be prohibitively expensive to reproduce them to-morrow, if the property where they are located should maintain its present value.

The question has frequently been asked, What would it cost to replace the terminals in the large cities, not to count the real estate owned by the railroads in the smaller towns elsewhere along their lines? If another railroad were to undertake to-day to gain entrance into New York city and to duplicate, say, the terminals of the New York Central and its line into the city, what would it cost? An indication of the cost of such an undertaking is found in the money which the Pennsylvania Railroad has devoted to the accomplishment of this very purpose, which is estimated at about $90,000,000—the equivalent of an expenditure of $40,000 a mile for the entire length of a line more than 2,000 miles long.

It could be clearly shown that millions of dollars have gone into the development of a well-established road like the Pennsylvania which are not represented by stocks and bonds. It also could be shown that a physical valuation of that property would result in a "valuation" far beyond that represented by the capitalization, because of the enormous increase in the market price of property alone, since the road was built. And yet, after all, this "value" would be fictitious, so far as the railroad is concerned, because the value of the real estate—say its terminals, for example—in a great many cases must be estimated on the basis of the value of the surrounding real estate, whereas it would by no means be of the same value to the company for railroad purposes. From this standpoint it would be unjust, even if a company could put such a practice in force, to base its fares and rates upon such value. Take Broad Street Station, Philadelphia. The company's elevated track, with the station terminal, east of the Schuylkill River, is worth millions of dollars more than was paid for it, based upon the value of the surrounding real estate, but it has by no means so greatly enhanced in value for the purpose for which it is intended, namely, as a railroad—because the company cannot erect twenty-story office buildings upon it and charge rentals the same as if it were purely an office building of a bank or trust company.

But even were it possible to arrive at the valuation of a railroad by taking the sum of its parts, it cannot be forgotten that it is of the essential nature of value that its accurate measurement must forever elude the most intelligent work and inquiry, and that if once discovered its rapid variations would make the discovery worthless for the end suggested. Value, as before stated, is a relation between one commodity and another commodity or group of commodities. The real value of a railroad is, therefore, an outcome from its earnings. It obviously cannot be possible to derive rates from value, when value itself is actually the final consequence of rates.

As to the matter of construction and equipment: with most railroads this has been a gradual process. Changes have been made through a series of years with the element of cost differing from time to time. It would be impossible to figure out what any one important railroad, to say nothing of the large systems that have been formed partly by gradual extension and partly by consolidations, has cost in actual capital.

As a matter of fact, a railroad could not be replaced within a generation of time if it were to be wiped out. It has cost more in one year than another to construct any railroad, according to the prevailing expense for labor and material and the current value of money. The true value at one time, according to this measure, would be a false one at another time. It would not be a real value, but a hypothetical one. Earning capacity does not depend upon what the property cost, or what it would cost to replace it, nor upon the amount of capital invested. It depends, to repeat, upon the volume of business and the net earnings that are made in conducting it.

It can be postulated, then, that to base a "physical valuation" upon these derived values would be reasoning in a circle. A physical valuation of railway property is the next thing to an impossibility. The property would have little value, except as old iron, if it did not have present or potential earning power. The earning power of railways under present conditions is based upon their passenger and freight rates. If these rates were reduced, the value of the property would decline. Any attempt to determine the physical value by a set of arbitrary rules based upon present value would be no index of what the value would be found to be if the earning power of the property were impaired by the reduction of rates. If physical valuation were based upon earning power at present rates, and rates were to be reduced because they were deemed too high, then the physical value would fall by the ratio of the diminution of net earning power.

It is true that some crude approximation of the value of one property might be found by comparing it with the value of similar miles of trackage and similar equipment in another property. But this means of determining value would be as vague as the shifting sands or the waves of the sea. The condition and the earning power of each road are determined by its environment. It cannot be arbitrarily said that, because one hundred miles of trackage in New York have a certain value, then one hundred miles of equally good rails, equally well ballasted and with an equally good signal system, have the same value in Oklahoma. It would be as difficult to reach a common standard of comparison, beyond the bare weight of rails and equipment as scrap iron, as it would be to undertake to measure on the ever-changing sea the length and height of one wave by the length and height of another.

What a railroad may rightly charge, or can charge with advantage to itself for carrying a particular class of commodities, or all commodities entering into its traffic, does not depend upon what its property has cost, what it would cost to replace it, or what may be the volume at par or value in the market of its securities. The market value of the property may be affected by what it is able to charge or is permitted to charge, but it furnishes no fair criterion of what would be just and reasonable.

Factors Upon Which Rates Depend.

Commercial conditions, the exigencies of business, the competition of one product with another product, the competition of one market with another market, the necessity, as well as the privilege of developing the latent resources of the territory through which the lines run, or of promoting new industries and thereby increasing the wealth of several communities—these factors make the rates. So strong, indeed, is the force of these elements that a railroad is generally compelled to charge very low rates and, in many cases, unreasonably low rates. Rates that will attract traffic and that will enable producers in the territory contiguous to a railroad to reach their markets and increase their production must be accepted or the business will not move.

That economic laws make railroad rates would be a matter of common knowledge if well-known facts were applied. A rate, for example, is made on Oregon lumber coming to the Middle West that enables the Pacific Coast producer to compete with Michigan. Without a rate substantially the same as that paid by nearer producers, Oregon lumber would have no eastern market. This situation is duplicated in scores of instances throughout the country, and in the first contest decided by the Interstate Commerce Commission under the Hepburn law, the practice was specifically upheld.

With proper consideration then, for the business of the country or of the carriers, rates cannot be made independent of economic laws—neither by legislation arbitrarily fixing the rate nor by capitalization of the carrier likewise arbitrarily fixing the rate. The management of a railway is, in a broad sense, therefore, powerless to fix its rates. It must accept the rates that are the resultant of those economic and commercial forces which are as absolutely beyond the control of its managers as are the orbits of the planets.

That this is true is further shown by the fact that many railroads have never been able to pay dividends on all of their capital stock, while others are unable to pay any dividends on any part of it, and still others are not able to pay interest on their bonded indebtedness. If a railway could adjust its rates to its capitalization, there could be no reason why any road should not earn dividends on its capitalization and thus forever abolish receiverships and bankruptcy.

The traffic of a railroad fluctuates. There are long periods of depression of business when rates have to be reduced in order to enable shippers to send their commodities to the markets and when many railroads can barely earn interest charges and the shareholders can receive no dividends.

With the diverse and conflicting theories now presented, it is obvious that an appraisal of the railroads will not rise above the dignity of an arbitrary guess. Which way would the valuation commission guess? If it guessed unduly high and rates were made in accordance therewith, shippers would suffer. If it guessed unduly low the railroad would lose the property so confiscated. To assess the value of so stable and as tangible a property as a school site in a town usually requires the deliberations of a board of experts, and a long period of discussion, often ending in disagreement. Compare the insignificance of this transaction and its attending difficulties with the valuation of the railroads, and some idea of the proportions of the latter task is obtained.

Effect of Valuation upon Future Capitalization.

But, it is argued, that such a valuation as that proposed will prevent innocent investors from being cheated in the future and prevent stock-watering and over-capitalization. But would any such arbitrary action furnish any basis whatever for determining new capitalization in the future? This would always depend upon circumstances and conditions, altogether apart from physical values existing at the time. The practical means for preventing excesses and abuses in capital issues is a regulation and supervision which will subject each case to a judgment representing the public interest and public rights instead of leaving it to the discretion of promoters and financiers. Public authority should have a voice, and a decisive voice, in the matter, but what is proper capitalization cannot be determined by any fixed rule of arithmetic.

Could a valuation be used as a basis for declaring that there shall be no stock-watering in the future? Anyone familiar with investment conditions understands that unless the smaller competitive roads are permitted to finance their extensions by giving bonuses to capital in the form of junior securities or stocks to represent the future of the property, they simply cannot build. If in issuing new securities railroad corporations should be restricted to the naked cost of their improvements, the smaller roads would have to stop building, and only a few big roads with immense surplus funds and high credit could go on building and finance their work at cost.

It is doubtful if the Western Pacific Railroad could have been financed at all if the promoters had been prohibited from giving a large bonus in stock over and above the original cost of construction. The undertaking is to cost $50,000,000 and bonds to that amount were created and placed. In addition there was created $75,000,000 of stock, two-thirds of which was turned over to the Denver & Rio Grande, which guarantees interest on the $50,000,000 bonds after the completion of the road. This stock represents the Western Pacific's prospects. All railroad building has been financed in this way, with few exceptions, save in the case of new construction by one of several very powerful railroad corporations with almost unlimited means and credit.

To prevent men from capitalizing the future would vastly reduce the employment of capital in ventures depending for their success upon the future development of the country. It would check, if not stop entirely, the construction of competitive railroads. Why should a man risk his capital in the construction of a new competitive railroad if he be limited in his profit to a moderate return on its actual cost when he can invest that same capital in the securities of the existing road on almost equal terms and take no risk whatever?

If capital in the past had been limited to interest on the actual cost of things, our development would have proceeded much more slowly. There was great financial risk in the building of the Pacific railroads, or at least capital considered it a great risk, which comes to the same thing. About half the promoters of the Union Pacific were convinced that the road would never be a financial success, that the money invested in the construction would sink out of sight, and expected to get their profit out of the construction contracts.

In any circumstances it is not fair to compare investments in railroad properties with investments in entirely dissimilar properties. Some of the risks which are peculiar to and inseparable from railroad investments are: Construction of parallel and competing lines, losses from accident, whether avoidable or not, losses by floods, danger from hostile legislation by state and Federal governments, long depressions in business when rates have to be reduced in order to enable shippers to send their commodities to the markets, although many railroads can barely earn their interest charges. Unlike an industrial establishment, which can be closed during periods of depression, the railroads must continue in operation during all times, and submit to losses. They cannot "shut down" when business is poor. If times are bad or crops fail, they are expected to reduce their rates no matter what else is going up, and if times are good it is expected that the rates should go down to prevent too large returns on railroad investment.

On the subject of capitalization what shall we say for the Pennsylvania Railroad Company, which raised the money to construct its railroad across the state sixty-one years ago, but to-day scarcely any part of its route remains on the original location, and in that time a substantial part of its income has been spent for its improvement and extension? Who is to decide what is the proper capitalization for it, and what its proper value is after sixty-one years?

The Pennsylvania Railroad and the Baltimore & Ohio Railroad enter Pittsburgh by natural valleys, while the Wabash enters the same city by a triumph over nature. It is easy to ascertain the original cost, but what value shall we fix for these properties, and shall we fix the rates on the Pennsylvania Railroad on the Wabash costs, and shall we say that the Wabash capitalization was fair in such a situation?

The Proper Basis of Valuation.

If we are correct, then, in concluding that it is impossible to fix future capitalization or rates on the basis of a physical valuation, it is of interest now to inquire as to what is the proper basis for any valuation.

The Supreme Court of the United States, in the case of Smith vs. Ames, 169 U. S. 466, said:

"We hold, however, that the basis of all calculation as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction must be the fair value of the property being used by it for the convenience of the public. And, in order to ascertain that value, the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given such weight as may be just and right in each case. We do not say that there may not be other matters to be regarded in estimating the value of the property. What the company is entitled to ask is a fair return upon the value of that which it employs for the public convenience."

The mere statement of these elements must be, in itself, a complete demonstration of the enormous difficulties of ever arriving at a satisfactory adjustment and computation of the diverse elements which constitute the value of a railroad. Yet these elements must all be considered.

Professor Adams more than a year ago fixed a "commercial" valuation of the railroads of the country, which was then placed as in excess of $11,000,000,000. In fixing that "commercial" valuation he took the annual net earnings of each railroad for a period of years, fixed by an arbitrary rate of interest, and then capitalized the road to show its commercial value.

This he checked with the valuation put upon the road by the investing public, as shown by the market quotations of its stock and other securities. Eastern roads were regarded as doing well when they paid four per cent., those of the Middle West when they earned five per cent., and for Western roads six per cent. was regarded as the proper figure on which to base the "commercial" valuation, although according to present rates for money the returns would not be satisfactory to investors either East or West.

There was some reason in this method, for the "commercial valuation" is the only real valuation. This is, in fact, the actual commercial valuation or appraisal of the railroads which is now made daily by people who are willing to buy. As Mr. Francis Lynde Stetson expressed the truth, in testifying before the Industrial Commission, "Value is always a question of opinion and not of fact." Each individual is likely to have a different opinion of the value of so complex a property as a railroad, and it is but natural that mankind in its normal progress should have developed a means of registering the general concensus of these diverse opinions.

This is that method of valuing railroad properties which already obtains in the investment markets of the world. There, in the course of transactions from year to year, a consensus, not of any board of "experts," but of the buyers and sellers of all the nations, is secured. Here all railroads are already valued in the prices of the securities which represent them, "and the danger," says the "New York Tribune," "of any attempt to effect a revaluation by states, and still more by the National Government, ostensibly undertaken for the purpose of fixing rates, is that it would inevitably be regarded as an attempt to fix the prices of those securities."

The gradual evolution of generations of competition has settled upon this means of valuing railway property as well as most other forms of property. This method is based upon present earning power, as modified by prospective earning power. Into these two essential factors naturally enter many elements, involving safety of the investment, allowance for deterioration and prospects of growth in volume of business. From these multiple elements there results the element of price expressed in money for any given piece of property or any given investment. In the case of those great properties which are divided into shares, the price is reached by the most delicate and sensitive mechanism that human ingenuity has devised—the public quotation of these shares upon a common market, where every man may buy and sell upon equal terms and every man may measure his judgment against that of any other man or against the combined judgments of all, those as reflected in existing prices.

If the marginal supply of stock that is dealt with in a single day fluctuates radically in value, it is because influences come into play that threaten to impair or increase present or prospective earning power and the protection of future earnings. If crops are bad or if any contingency threatens to lessen the earning value of a property, the investment market through the medium of the stock exchanges registers an immediate reappraisal. Value, as expressed in dollars, is an ever-varying kaleidoscope, depending to-day upon the outcome of the threatened uprising in the Punjab, the strike in South Africa, the suggestion of war between the United States and Japan, or the state of the crops in Siberia. The development of great gold deposits within the last ten years has raised the entire level of the world's prices. The stock exchange alone—in its broad and fundamental sense—is the proper register of values.

Under existing conditions the physical valuation of properties is determined in the stock market. If a new physical valuation is to be realized by reducing earning power, either directly or by the threat of hostile legislation, then that reduced earning power is reflected—is sometimes, perhaps, unduly exaggerated for a moment—by the quotations on the stock market. If any individual expert or group of experts were to sit down and declare that they would make a new valuation different from that of the combined judgments of all men who deal in securities, it would either mean that they proposed deliberately to alter the value of the properties, or that they were setting their judgment up as superior to that of all the remainder of the business world.

Mr. Bryan and some members of the Interstate Commerce Commission claim that market value is no proper criterion, as they claim it is constantly fluctuating, is readily and often manipulated and depends much more upon earning capacity than upon the value of the property employed. The market price does indeed fluctuate from day to day, and is occasionally subject to manipulation for a time, and yet the average market price, over a period long enough to remove the element of manipulation, is unquestionably a nearer approach to ascertaining actual value than anything else that has been devised.

We cannot, then, but conclude that the proposal to make an official valuation by the Federal Government of the railroad properties of this country will be futile and productive of misleading results. The proposed policy is both dangerous in its possibilities and destined to failure so far as accomplishing any beneficial result is concerned. The plan, in its last analysis, is like many another scheme which has been proposed in the history of industry. Yet the experience of man is that all attempts of government to interfere by fiat or rule-of-three with the laws which underlie commerce and trade have been failures. The plan to value the railroads of the United States demands no more serious endorsement than would a proposal to appraise the value of the governments of the world for the purpose of assisting investors to arrive at a satisfactory conclusion regarding their funded obligations.

NEW RUSSIAN BANK.

CONSUL-GENERAL RICHARD GUENTHER, of Frankfort, supplies the following concerning the opening of a banking institution to aid agriculture in Russia:

German papers state that a national agricultural bank is to be established in Russia, with a working capital of $77,250,000, of which $25,-750,000 is to be raised by loans and $51,500,000 by the issue of shares. Half of the share capital will be furnished by the Russian Government, the other half to be subscribed by the agricultural associations and rural landowners.

The projected bank is to promote to the widest extent the interests of Russian agriculture by the following methods: The discounting of notes which are based on agricultural transactions; purchase and sale of agricultural products for account of the bank; to act as broker, agent, or commission firm for the exportation of such products; to advance money on such, especially on grain; to advance money as loans to farmers for the improvement of the soil, crops, etc.; loans to workingmen and mechanics residing in rural districts; credit transactions of all sorts which relate to agriculture; to receive deposits of money. Furthermore, the institution shall promote the transportation of agricultural products by river, railroad and sea, and issue warrants for grain and other products taken in storage.

The members forming the managing board of directors are to be chosen partly by the Russian Government and partly by the stockholders. The bank is privileged to establish branches and agencies at home and in foreign countries. The agencies in Russia are to be given to the agricultural co-operative societies and loan associations already in existence.

A HALF-CENTURY OF SUCCESSFUL BANKING.

ON June 10 the Merchants Loan and Trust Company of Chicago completed a half-century of successful banking, with a showing that must have been gratifying to the management. Its capital is $3,000,000; surplus, $4,273,851, and deposits just a little short of $50,000,000.

The Merchants Loan and Trust Company was established in 1857, and is the oldest bank in Chicago, and also one of the staunchest. It began business with $500,000 capital, which was successively increased to $1,000,000, $1,500,000, $2,000,000, and is now $3,000,000. The surplus has grown from $100,000 in 1877 to over $4,000,000 at the present time. Deposits have increased from $18,445,000 in 1897 to $49,857,016.

NEW YORK REAL ESTATE AS A FIELD FOR INVESTMENT.

BY FRANCIS H. SISSON,

ASSISTANT SECRETARY AMERICAN REAL ESTATE COMPANY.

THERE is a physical law to the effect that two bodies cannot occupy the same space at the same time, but this law comes as near to being permanently transgressed in the city of New York as anywhere in the world. The unending stream of population which has poured into New York in ever-increasing volume since its founding has made sections of Manhattan Island the most densely populated districts in the world; but old New York, Manhattan, long imprisoned by its wide rivers, is at last glad to burst its bounds, and the overflowing tides of population are spreading in every direction like the resistless waters of the sea.

The continuous pouring in of an ever-increasing stream of population must perforce ever increase the circumference of the city's circle, and as rapidly as the transit problems of the city are faced and solved the city spreads and grows. The tremendous operations now projected and under way for the transportation of people in and out of the city will be double and perhaps treble the cost of the Panama Canal. The Pennsylvania Railroad terminal and tunnels under both rivers and across Manhattan Island, the McAdoo tubes under the Hudson, the new terminal of the New York Central and the electrification of its lines, the Belmont tunnels under the East River to Long Island City and the city's subway tunnels and bridges, will entail an expenditure of nearly half a billion dollars—a sum almost too stupendous for conception. All this marvelous work of transportation improvement means no decrease in the value of Manhattan real estate, yet carries a tremendous increase along the line of the proposed improvements in every direction. All the signs of the times indicate that Manhattan Island will ultimately be given over entirely to business, hotel and apartment house purposes, and the real home-seekers, among its millions, must seek their residence elsewhere. Not only is this true of Manhattan proper, but it will be, in large measure, true also of the Bronx and of a considerable portion of Brooklyn. The upper Bronx and Westchester county, the outlying portions of Long Island, Staten Island and New Jersey, will be brought within such easy reach of the business centres of the city that there the future homes will logically be built; and, for that matter, are now being built in large numbers.

The Basis of Land Values.

Along the lines of this rapid and impressive growth real estate values rise as the demands of population increase inevitably and proportionately, and this is the problem which the superficial student finds it hard to solve and whose significance he almost invariably fails to appreciate. Land values are not in the last analysis the creatures of chance, speculation or promotion; they are based on the fixed principle of use and demand. Land is worth what its rental return will warrant in the way of capitalization and the constant out-reaching of the city creates the demand, establishes the use and brings the return which makes value.

The skeptic has said in his heart since Manhattan Island was first settled that "this sort of thing cannot go on forever," and "we will see the bottom drop out some day," and "the city cannot grow much more," and "the future has been discounted too far; the city's growth will never warrant it," and so on, failing to read the lesson of history, to profit by the experience of the past or to study the situation as a plain economic problem subject to fixed laws and fundamental principles in much more marked degree than most business problems.

It may be idle to recall the past, yet it seems ever necessary to impress upon many the fact that the Dutch Burghers once built a wall at the northernmost limit of their city to keep out beast and savage from their settlement, and when their rapidly-growing colony overreached the rampart, the path it marked was named Wall Street. Again, with the city's growth northward, the colonists built their City Hall, marble on its south front but common brick behind, because they did not anticipate that anyone would ever go so far north as to observe its unattractive rear. And so, step by step, the city has marched onward, relentlessly making the suburb of to-day the business centre of to-morrow.

Many was the jibe and joke and jeer thrust upon the shrewd founder of the Astor fortune when in his far-seeing wisdom he began his first purchases of New York real estate "on the fringe" of the city. Marsh and rock, hill and farm, were bought with apparent utter disregard of business principles, and many a seller exchanged his outlying holdings for Astor dollars with tongue in cheek and sneer of triumph ill concealed. John Jacob Astor was begged by his friends not to waste the fortune which he had accumulated in legitimate business in such wild folly; but, wiser than they, he listened to their advice and then bought more land. The Astor purchases were unanimously condemned by the conservative business men of New York; he bought nothing which seemed worth-while or to have any immediate or future value. How well the future justified his foresight, we do not need to say. He saw what so few of the business men of his day saw and what so comparatively few of the so-called conservative business men of to-day see in New York: the absolutely assured future of New York city, its inevitable growth and the consequent rise in the price of land bought in the line of that growth.

Sustained Values of New York Real Estate.

This is a story which has been repeated decade after decade for nearly 300 years and yet the amazing fact remains that men, keen in finance, trained in the school of Wall Street, will tell you solemnly that "New

York real estate is speculative," failing to realize that in the light of the past, and in the certainty of the future, New York real estate, properly bought and properly handled, is the least speculative commodity there is in the world. These uninformed and ill-considered judgments are frequently met, and it is hard for one who is familiar with the real elements of the equation to listen to them patiently or to treat them seriously. The sustained values of New York real estate in the face of unfavorable market conditions have again and again proved its fundamental stability. The reason for all this is simple enough, viz., that real estate values are constantly regulated by fundamental economic laws, which can never be said of Stock Exchange values, often fictitious, usually speculative, subject to all sorts of manipulation and misdirection.

Many influences and conditions may agitate and affect the stock market, but the real estate market is subject only to the operation of the eternal law of supply and demand, and the growth and increase in New York's real estate values is not a story that is told to-day any more than it was told ten years ago or one hundred years ago. This is a story which is being repeated every decade, and all the economic and social forces which have made New York the metropolis of the Western Hemisphere are operating to-day with ever-increasing power. The timid may halt and the doubters scoff, but this giant city marches on. To-day New York represents one-twentieth of the entire population of the country, and if there could be included within its population figures what rightfully belong to the city within the metropolitan district, which includes the eastern shore of New Jersey as well as the five boroughs of the city proper, New York would to-day be the largest city of the world. Even within its own limits, statisticians figure that the city will pass London in population by the year 1915 and will double its own population in twenty-five years. This city is destined unquestionably within the life of this generation to be the world's metropolis.

On the basis of this assured growth, land values in and around New York are as fixed and certain as anything which men buy and sell can ever be. Whatever industrial and social revolutions may upturn and alter, the land itself must be eternally useful and its value must ever depend upon the value of such use. How little the New York resident of half a century ago in the comparatively quiet little city of half a million inhabitants appreciated what the future of New York might be. What right have we to-day to suppose that our grasp of a half-century's growth is any more accurate or comprehensive? May we not believe that the passage of another fifty years will see even greater progress and more wonderful changes?

The assessed real estate valuation of Manhattan Island in the hundred years between 1806 and 1906 increased over 15,000 per cent. Many things that a century ago seemed like the weird dreams of the insane have long since been realized and forgotten. There is good reason to believe that the next century will show developments even more remarkable, for any cycle of real estate history in the past will show that the march to higher levels has been steady and consistent.

Sources of the City's Growth.

There are three great sources of population in New York which contribute to this constantly increasing growth. First, births: The birth rate in New York exceeds the death rate by many thousands a year. Second, foreign immigration: More than 1,000,000 immigrants landed in New York last year, of whom a large proportion stopped right here and found employment on the great public and private enterprises under way. Third, domestic immigration: New York draws upon every community in the country for new population. The newcomers, attracted by New York's desirability as a residence centre or as a market for labor, outnumber the removals many times.

New York's location and position fix it for all time as the business and residence centre of the country, and back of New York is a great nation growing in prosperity by leaps and bounds and forcing the growth of the city naturally with it. Back of the country is the activity of the civilized world pouring its products in and out through this great seaport in ever-increasing volume. This is not imagination; these are not dreams; they are the inevitable conclusions of the forced acceptance of the minor and major premises laid down.

As a matter of fact, any ordinary grasp of the sound economic principles underlying New York real estate values can form a basis for scientific operation more accurate and certain than is possible in any other business. The element of risk in such a business properly conducted is almost entirely obliterated; the only problem is the extent of the assured advance; when to sell or how to improve. In this absolute certainty of ultimate value, New York real estate is unique; it always pays and does not hazard the money invested in it. Throughout the history of the city, it has constantly increased in value, paying large profits on and constantly increasing the safety of any investment based upon it. Since the tax books of the city were first opened there has never been a decade when its real estate values have not averaged an increase of more than six per cent. per annum.

The population of New York is to-day increasing more than a quarter of a million a year, and the mere providing of homes for this "city within itself" offers an investment for a large amount of capital on a safe and profitable basis. The constant growth of the city's business interests and the crowding out of its residential districts by the ever-enlarging requirements of commerce, also increases the demand for homes in the outlying districts and opens up new channels for good investment. The marvelous development of the Borough of the Bronx within the last decade offers a marked illustration of this tendency and opportunity. The onward sweep of the skyscrapers has driven the residential districts further and further out, and the encroaching city is sweeping over the country about it like the waves of a rising tide on the beach.

Public Distrust of Wall Street.

The present public distrust in Wall Street and its securities, superinduced by the revelations and exposures of the past two years, has brought the country's bond and stock market thoroughly into discredit among conservative investors. The inability and unwillingness of the Wall Street operators themselves to distinguish between gambling and investment has convinced a very respectable portion of the public that Wall Street and all that it implies is a good thing to let alone. A thorough understanding of the manner in which many securities are manufactured and marketed has been all that is necessary to disgust and repel the average investor. We are now observing the far swing of the pendulum away from the days of over-speculation and frenzied finance, and this must in turn, of course, adjust itself normally to actual conditions. In the meantime, there is a tremendous volume of money eager and ready for investment, in savings banks or elsewhere at low interest rates, which might well find profitable use in the development of the needs and possibilities of this great city.

It is the growing realization of this fact which has brought to New York within recent years a constantly increasing volume of money from outside of its borders, used both in the purchase of real estate direct, mortgages based on real estate or stocks and bonds issued against same. Successful real estate operating companies of demonstrated standing and ability have found a constantly increasing market for securities based on New York real estate and the enduring soundness behind such obligations makes them peculiarly attractive to the conservative investor who has grown weary of seeing his fortune rise or fall in the daily papers.

There are few Wall Street men who will not advise you confidentially not to play the market. The proportion of those who actually profit by its operations is pitiably small. Over against this almost unanimous condemnation is the chorus of advice arising from economists, students and practical observers of all sorts to invest in well selected real estate near to and in the line of a large city's growth. In the ordinary mercantile and industrial pursuits, there are more than ninety per cent. of failures. In the ownership of New York real estate near to, in the line of and based upon the growth of the city, not one failure has ever occurred in the city's history. These are the hard and significant facts which many wise men to-day are considering. With the evils of overcapitalization and financial exploitation exposed before them, the public is seeking real value and actual substance in investment. The agitation against Wall Street, its methods and what it exemplifies, which has been sweeping the country, is not a spasmodic wave of reform, but simply a clearing of the atmosphere permitting an insight into and a return to the fundamental and finally essential principles of common sense and common honesty. The investor demands and deserves actual value for his money, as well as reasonable return therefrom. He is searching more keenly the propositions placed before him with these clear standards in mind, and it is to such a mental attitude that New York real estate would present its claims and ask for a fair hearing, with judgment and action based on demonstrated results, actual conditions and fundamentally sound business principles.

Publicity of Real Estate Transactions.

There is one other important fact in connection with investment either in New York real estate direct or in securities based thereon which bears upon the case, and that is in the laws governing real estate operation of all sorts. We hear much these days concerning the panacea of publicity and the desirability of introducing the methods of publicity into all businesses. The real estate business has it. No holder of real estate, whether individual or corporation, in the city of New York, can buy, sell, mortgage, lease, build upon or in any manner handle a piece of real estate without having this operation made a matter of immediate public record and published in many of the public prints immediately, where he who runs may read. By reason of this fact, every detail of a given operation may be known to every interested party whether intimately concerned in the management or not. In view of all these facts, it may be said that wise investment in New York real estate, particularly along the lines of the city's greatest growth, offers the unusual attractions of being legally safeguarded, morally proven, time-tested and economically sound. For how many investments, either direct or indirect, can so much be said?

President Roosevelt, that great interpreter of public opinion, the opinions of "the man on the street," has given expression to progressive thought on this subject in his advice: "Every person who invests in well-selected real estate in a growing section of a prosperous community, adopts the surest and safest method for becoming independent, for real estate is the basis of all wealth."

One of the most conservative and most successful of Wall Street's operators, shrewd and far-sighted Russell Sage, paid his tribute to the city of his choice and its possibilities in this comment: "I do not think the future of New York can be depicted in terms any too glowing. The most fanciful writers cannot exaggerate the greatness of its future. The man who buys real estate in any of the five boroughs (of course, exercising good average judgment) has a fortune before him."

Canny Andrew Carnegie voices this sound judgment: "There is no doubt that real estate is the very best investment for small savings. It is bound to grow and grow into money. More fortunes are accumulated from the rise in real estate values than all other causes combined. To speculate in stocks is risky and even dangerous, but when you buy real estate, you are buying an inheritance. The wise young man or wage-earner of to-day invests his money in real estate—suburban real estate. Buy land, put your savings into land, that's my advice. Land is the only real wealth; land will not burn; it cannot be stolen and carried away. Wise is the man who makes his investment in good land."

These are the judgments of the wise, the lessons of history, the unavoidable conclusions of observation and experience.

There are many good investments in the world of business, but there are few that can point to a sustained record of splendid profits and absolute security through two and one-half centuries of history. There are many possibilities in the world of investment, but few certainties. In the latter class, well-selected New York real estate stands unique. Certain because the growth of the city is certain; certain because the lines of that growth are clearly marked and definitely ascertainable; certain because the law of supply and demand is certain; certain because land is the basis of all values and the best security on earth is earth itself.

GETTING AHEAD OF THE EXPRESS COMPANIES.

IN an address before the last annual convention of the Texas Bankers' Association, W. F. Woods, cashier of the Woods National Bank of San Antonio, said:

"I would suggest that as an association of bankers some plan be devised by which all paper issued in small amounts, and therefore in competition with express money orders, be cashed at par. An arrangement might be made whereby the banks in the smaller places in a certain district would forward the paper to the correspondents in some central point, which in turn would forward it to the center against which it was drawn. This could be so arranged that the burden of handling it would not rest upon any one bank, but by agreement, say in a district association, it could be handled through the different banks in the central city, and thus keep the burden from being excessive upon any one institution. This business belongs to us, and if we are expecting to receive it, we must take steps to protect our interests in the premises, and it certainly appears to me that the paper of an association banker is entitled to the same, or more, consideration than that of the express companies which are working against all banks.

To sum up, then, we find that the issue before us is one which can be met not so much by fighting the express companies arbitrarily as by working through proper publicity methods to secure the business of those ordinarily purchasing the express money orders. Let us issue our drafts at the same, or less cost, than the express companies and then accord our brother bankers the same courtesy in the matter of cashing these drafts which we give to the paper of the express companies.

We have the facilities and are prepared to do this business, and there is no reason why intelligent, conservative co-operation cannot secure the bulk of it for our banking institutions."

CURRENCY REDEMPTION.

BY H. M. P. ECKARDT.

THAT part of the report of the Comptroller of the Currency which deals with the national banks placed in the hands of receivers affords a striking illustration of the need of a tax, or some other compelling force, to drive in for redemption such extra supplies of currency as may be put in circulation for special purposes, such as the autumnal movement of the crops. The following table shows the exceedingly sluggish retirement of the notes of failed and closed banks:

Receiver Appointed between—	No. of Banks.	CIRCULATION Issued.	Redeemed.	Outstanding.
Oct. '05—Oct. '06..........	8	$322,210	$127,840	$194,370
Oct. '04—Oct. '05..........	22	1,529,750	639,709	890,041
Oct. '03—Oct. '04..........	20	1,008,300	767,226	241,074
Oct. '02—Oct. '03..........	12	1,542,303	649,484	(a) 892,819
Oct. '01—Oct. '02..........	2	110,400	93,048	17,352
Oct. '00—Oct. '01..........	11	839,615	676,788	(b) 162,827
Oct. '99—Oct. '00..........	6	1,085,480	1,006,284	79,196
Oct. '98—Oct. '99..........	12	238,663	210,682	27,981
Oct. '97—Oct. '98..........	7	278,915	166,490	(c) 112,425
Oct. '96—Oct. '97..........	38	1,221,568	1,087,937	(d) 133,631
		$8,177,204	$5,425,488	$2,751,716

The difference shown in the case of the two Canadian chartered banks that have failed in recent years is striking.

The Bank of Yarmouth, one of the very few single-office banks in Canada, closed its doors in the first week of March, 1905. Its circulation was retired as follows:

Bank of Yarmouth, Canada.	Notes Outstanding.
On 28th February, 1905....................	$50,409
On 31st March, 1905......................	25,040
On 30th April, 1905........................	19,950
On 31st May, 1905........................	17,965

No returns were published after May 31. The figures show that two-thirds of the outstanding notes were retired in less than three months

(a) Includes three banks with outstanding circulation of $791,150 restored to solvency; (b) includes two banks, circulation $97,955, restored; (c) includes one bank, circulation $101,230, restored; (d) includes one bank, circulation $45,000, restored. Deducting altogether the figures of the banks restored to solvency, the outcome is: Total amount issued $7,074,269, redeemed $5,357,888, outstanding $1,716,381. In other words, taking account of all the failures during the last ten years, nearly twenty-five per cent. of the failed banks' notes are still outstanding.

from the date of suspension. The case of the Ontario Bank, which failed on October 12, 1906, offers a better illustration. This bank was more typical of the Canadian banks. It was established forty years, and had over thirty branches.

Ontario Bank. 1906.	Notes Outstanding.	1907.	Notes Outstanding.
On 30th Sept...	$1,351,402	31st Jan....	$230,766
On 31st Oct....	1,102,449	28th Feb...	198,011
On 30th Nov...	479,939	31st Mch...	169,381
On 31st Dec....	317,091	30th Apl...	146,701

In this instance nearly nine-tenths of the notes outstanding were retired within six months of the date of suspension.

To make a fairer comparison with this, some five banks are taken from the Comptroller's list:

No. on List.	Receiver Appointed.	Circulation Issued.	Redeemed.	Outst'd'g.
461	1st Nov., '05...	$6,250	$2,390	$3,860
462	24th Nov., '05..	6,250	2,300	3,950
463	27th Nov., '05..	200,000	110,150	89,850
464	27th Mch., '06..	6,250	2,150	4,100
465	24th Apl., '06..	30,000	5,350	24,650

In the case of No. 461 nearly a year had elapsed between the appointment of the receiver and the date of the Comptroller's return, and in the case of No. 465 six months had elapsed; yet No. 461 had considerably over half of its notes still outstanding, and No. 465 had four-fifths of them out.

So far as redemption was concerned, the Comptroller of the Currency stood ready to redeem the notes of the failed national banks practically as they should be presented, and the curators of the two defunct Canadian institutions also stood ready to redeem theirs as they were presented. So there was no material difference in that respect. The difference in results was caused nearly altogether by the different manner in which the notes of the failed banks appealed to the bank officers who first handled them after the respective issuing banks had gone out of existence.

When notes of a failed national bank are presented at the counter of a going national bank scarcely any notice is taken of them. The bank has nothing to gain by forwarding them for redemption, and to do so probably entails extra labor and expense. It is to be expected, then, that the notes would be paid out over and over again. But in Canada whenever the teller of a going bank first lays hands on notes of a failed bank the circulating days of the latter are ended for all time. They never are paid out again, but are hurried in for redemption. The reason is that the banks find a profit in withdrawing from circulation all the notes of other banks. It makes a place for their own notes. Each bank is able to keep its own note circulation at a fairly high level only by vigorously and systemtically withdrawing its competitors' notes at all its branches. If it were to stop this work its own circulation would fall, and with it its ability to make discounts.

A tax on excess circulation might be expected to drive in the excess notes of live national banks after the urgent need for them had passed, but it could hardly be expected to expedite the retirement of notes of failed banks. A change in the practice of the banks with regard to their counter receipts of national bank notes would be required for that. If it were made compulsory or attractive for them to forward their counter receipts for redemption, the purpose would be effected, and the operations of the tax in driving in excess currency would be supplemented. It would of course be a source of tremendous extra work to sort out the notes of six thousand odd banks and find their redemption agents. That should not be necessary except at the place of central redemption. It would not be difficult to institute an arrangement whereby national banks could forward all national bank notes received over the counter to New York or Chicago without sorting them out. That work could be done in the centres, either by reserve agents or by a specially-constituted redemption agent, who could be reimbursed by arrangement.

REFUSED A RAILROAD PASS.

IN the archives of the Pennsylvania Railroad has been found a letter from James Buchanan, written when he was President of the United States, declining an offer of a free pass on the Northern Central Railroad. The letter came into the possession of the Pennsylvania Railroad when that road acquired control of the Northern Central. It is as follows:

Washington, March 24, 1859.

Dear Sir: I return the free ticket which Mr. Gittings has directed to be forwarded to me for the Northern Central Railroad with as many thanks for his kindness as though I had accepted it. It has been the practice of my life not to travel free on any railroad, being opposed to the whole system of granting such privileges to individuals not connected with these roads. Yours very respectfully,

James Buchanan.

Robert S. Hollins, Esq., Secretary.

PRACTICAL BANKING

APPROVED FORMS OF BANK STATIONERY.

BY JAMES P. GARDNER.

THE principle of simplicity, which applies to such good advantage among other departments of commercial life, has been violated in this department of the work of the bank; and the pressure of work, due to the enormous increase in the volume of business, makes it imperative that simpler and more careful and complete methods should be followed.

JOHN A. LYNCH, President.
W. T. [illegible], Vice-President.

R. M. McKINNEY, Cashier.
R. L. CRAMPTON, Assistant Cashier.

O. H. SWAN, Assistant Cashier.
THOS. JANSEN, Assistant Cashier.

THE NATIONAL BANK OF THE REPUBLIC.
CAPITAL $2,000,000. SURPLUS AND UNDIVIDED PROFITS $1,000,000

NATIONAL CITY BANK CHICAGO MAY 20 07
NEW YORK N Y

We enclose the following items for collection and credit,

PROTEST ALL ITEMS $[illegible] AND OVER UNLESS OTHERWISE INSTRUCTED.
WIRE NON-PAYMENT OF ITEMS $[illegible] OR OVER.
SURRENDER DOCUMENTS ATTACHED ON PAYMENT ONLY.

Yours very truly,
R. M. McKINNEY, Cashier.

IMP & TRADERS NAT BK	2 000 00	ILL. SEWING MACH CO
2ND NAT BK	30 000 00	M PHILIPSBORN
UNION EXCH BK	12 500 00	"
NAT BK COM	3 200 00	"
NAT PARK BK	1 078 90	G WACKENREUTER
IMP & TRADERS NAT BK	2 500 00	STEERIN MAYER & CO
NAT BK COM	2 119 45	PACIFIC COAST BORAX CO
UNION BK BROOKLYN	1 615 17	NAT WASHBOARD CO
NAT BK COM	10 000 00	13 N W TR & SAFE SEATTLE
NAT CITY BK	1 568 00	CHG PNEU TOOL CO
IMP & TRADERS NAT	2 020 41	J V FARWELL CO
	68 601 93	
SPECIMEN		

FIG. 1.—CASH REMITTANCE SHEET.

In the first form of cash remittance sheet (Fig. 1) submitted, that of one of the large Chicago banks, it will be noticed that the names of the banks on which the checks are drawn are given, followed by the amounts of the checks and the indorsers.

The simplicity and completeness of this form is at once apparent. The record enables the bank to whom the checks are forwarded to trace the checks readily in the event of a "difference," and should a check not be readily traced from the description in the letter, its history could be obtained from the Chicago bank. This record would relieve the mail tellers of the incessant annoyance of striving to trace checks not properly described on remittance letters.

REMITTED BY

The First National Bank of San Francisco, California

San Francisco.................. 190

For Credit with..............................

....

.... 190

DRAWER	DRAWEE	AMOUNT

Protest all items of $25.00 or over listed on this sheet
Wire non-payment of items over $500.00

FIG. 2.—CASH REMITTANCE SHEET (Specimen).

It might be pointed out here that these checks when received should be carefully compared with the letter, and any discrepancies or incomplete description adjusted at the time. But the pressure under which this work is done in the receiving bank renders this at times impracticable. Further, it is hardly fair that this burden should be carried by the receiving bank, but checks should be dispatched in a letter complete in descriptive detail.

This form is written in triplicate with the adding typewriter. In the case of some banks, one form is dispatched with the checks, the second retained for office files as a permanent record, while the third can be used to file for the reference of the auditor of the bank or in the examinations made from time to time.

EDWARD S. LACEY, PRESIDENT. FRANK P. JUDSON, CASHIER. CHAS. C. WILLSON, ASST. CASHIER.
JOHN C. CRAFT, VICE-PRESIDENT. RALPH C. WILSON, ASST. CASHIER.

Capital, $2,000,000. Surplus and Undivided Profits, $1,000,000.

THE BANKERS NATIONAL BANK

OF CHICAGO, ILL.

WE ENCLOSE THE FOLLOWING ITEMS FOR COLLECTION.

WIRE NON-PAYMENT OF ALL ITEMS $500 OR OVER.
PROTEST ALL ITEMS OVER $10.00 UNLESS OTHERWISE INSTRUCTED BY US.
DO NOT PROTEST ITEMS $10.00 AND UNDER UNLESS SO INSTRUCTED BY US.
DOCUMENTS ATTACHED MUST BE SURRENDERED ON PAYMENT ONLY.
RETURN AT ONCE IF UNPAID.

YOURS TRULY,

F. P. JUDSON, CASHIER.

84503. 1-10-07. 25M. CHICAGO,____________190__

	AMOUNT	INSTRUCTIONS	PAYER	ENDORSER

FIG. 3.—COLLECTION REMITTANCE SHEET.

In the next example (Fig. 2) the same general principle is followed. We have the drawer or maker of the check or draft followed by the drawee instead of the indorser. While some banks combine the two forms and describe their enclosures by giving drawer, drawee and indorser, the drawee and indorser, for general purposes, are sufficient.

While there are endless forms in use among banks for the listing of checks for remittance and for credit, many of which are drawn up by printers entirely ignorant of the requirements, and whose chief aim appears to be to confuse by their ambiguous instructions, it is believed that the forms given, if the headings are closely followed, will answer the purpose satisfactorily and save many an annoying "difference."

Another point which is often overlooked by banks in the transmission of their checks, drafts, notes and coupons, is in the manner of listing. On the same forms are listed cash checks, collections, and coupons. Separate sheets should be used for collection items and for coupons, which should be sent by registered mail. This would enable a bank's correspondent to determine at once that such and such an item was intended for collection only and was not to be considered as "cash." Fig. 3 will illustrate a simple and complete form for such items.

Acknowledgments of Items.

Although laws and customs in the handling of items received for collection are by no means uniform, the following are the chief points that banks bring to the attention of customers when making acknowledgment of receipt of items:

1. Due diligence in the selection of responsible agents for the collection of items payable outside the point where the items are received.
2. That all items received for collection involving transmission through other banks are received upon the condition that, while the receiving bank is responsible for good faith, it notifies the bank sending the items that it is not responsible for the negligence of its correspondent.
3. That the bank receiving items acts only as agent for the sending bank and assumes no responsibility beyond due care such as its own paper would receive.
4. To point out that all items received payable at points outside the town to whom the items are sent are credited with the proviso that in the event of non-payment they will be charged back and returned.
5. Other provisions are brought forward, such as non-liability in case of failure or any negligence of the agent, loss in the mails, dishonor of check in payment of items for which credit has been given. Such are the chief qualifications and reservations at present in use on acknowledgments, and they indicate that there is still much to clear up in this line of work.

Banking by Mail.

The possibilities of securing business in outlying sections of the country by the use of the mails have been overlooked. With the enormous increase in the mail order business there is no reason why banking facilities by this means should not be presented to every possible customer. In the absence of a Post-office Savings Bank in our country—a system in Great Britain and other European countries whereby every rural post office is a savings bank—the large metropolitan savings banks, by means of a complete and careful solicitation in this field would extend the scope of their operations and greatly increase their deposits.

DISCOUNT DEPARTMENT METHODS.

BY WM. M. ROSENDALE,

MARKET AND FULTON NATIONAL BANK, NEW YORK.

IT is a part of the chief business of a bank to loan money. All money that is loaned to be paid at a certain time should pass through the Discount Department.

The department the writer has in mind is quite "up to date" in all its methods. It loans about six million dollars, discounts about one hundred items each day and has on hand unmatured over seven thousand items.

Bill Book, or Liability Ledger.

A valuable adjunct in determining the discounting of paper is the Bill Book or Liability Ledger. It is best kept by a loose-leaf system, because this is the only way in which the accounts can be kept together. The dealer's name is placed at the top of the page, after the manner of business ledgers. All paper is recorded under the account for which it is discounted. It is ruled in columns titled as follows: Date of Discount, Maker's Name, Where Payable, Indorsers, Rate, Total Amount of Discount Outstanding, and Date of Such, Amount, Due Date. Bought Paper Liability Book has a column for the broker's name.

From the notary book, in which is recorded the city notes handed to the notary, and from the credit book, in which the out-of-town banks are credited with the fees for protesting notes, a record is made on the dealer's account if any of his paper is protested. In the event of a dealer paying an item himself, recalling it if it is out of town or waiving protest on it, all this is noted in red ink on his account beside the item. The matured items are crossed off the accounts each day from the ticklers or diaries, and the total amount outstanding is footed up when a discount is recorded, showing the total of own paper and the total of receivables. It is a good plan to record own paper in a different colored ink. This makes it stand out plainly and saves the trouble of an extra column for own paper. The account in the bill book shows at a glance how large a line has been given; whether it is increasing or not; how much is unmatured; and how the paper is taken care of.

In addition to this a record is kept by a card system of all indorsers and makers that come from more than one depositor. The name of the maker or indorser is recorded at top of the card, then the date the note is discounted, amount, when due, and for whom it is discounted. These are filed alphabetically. In addition to being able to tell how much the "offerer" owes, one can also by this plan tell if bank has this paper from any one else.

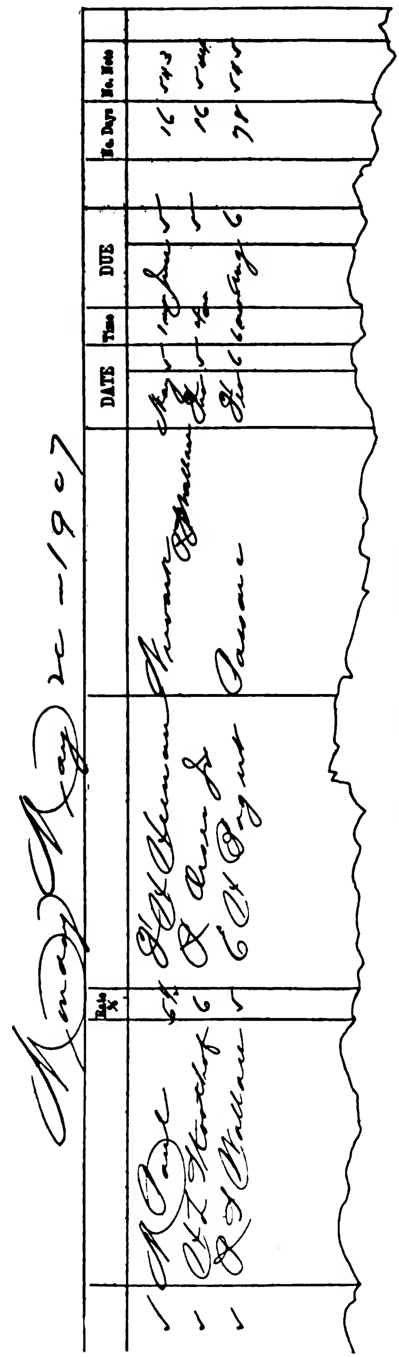


FIG. 1.—DISCOUNT REGISTER.

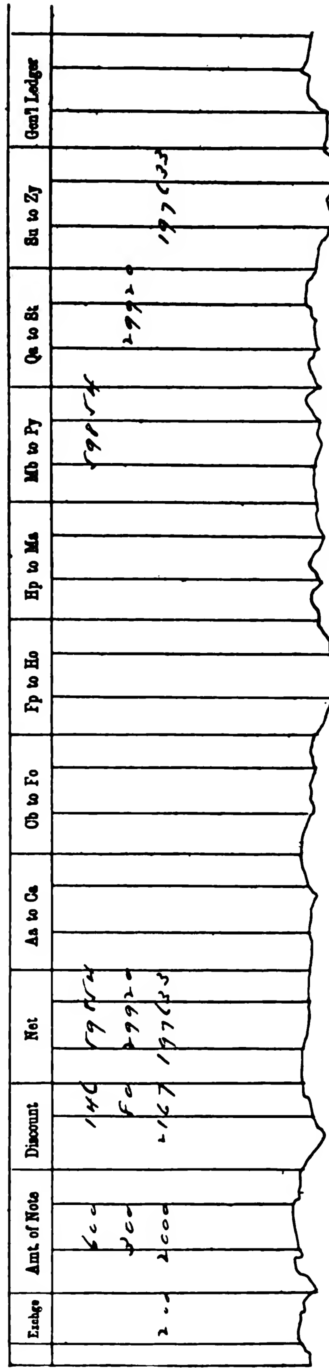


FIG. 1.—DISCOUNT REGISTER (Continued).

The loaning officer having passed the paper, the notes are carefully read as to dating, filling up, indorsement, place of payment, etc., and they are timed. The maturity being written on the face in colored pencil, and, if drawn with interest, the interest is added.

Timing of Notes.

Regarding the timing of notes the laws relative to holidays, Saturdays and Sundays differ so in the various states that the best plan is to time all notes on the exact day they are due, except those due on Sunday, which should be timed as of Monday. Notes payable in Arkansas, Delaware, Indiana, Georgia, Mississippi, Minnesota, Nevada and Texas should be timed as of Saturday.

There is a maturity calendar published in Detroit which is a great help in determining the holidays in the different states. There is also a daily calendar published in Syracuse which tells, at a glance, the number of days unmatured.

In accordance with many rulings of the courts it is banking custom to use the 360-day table in figuring interest, thus counting thirty days as one

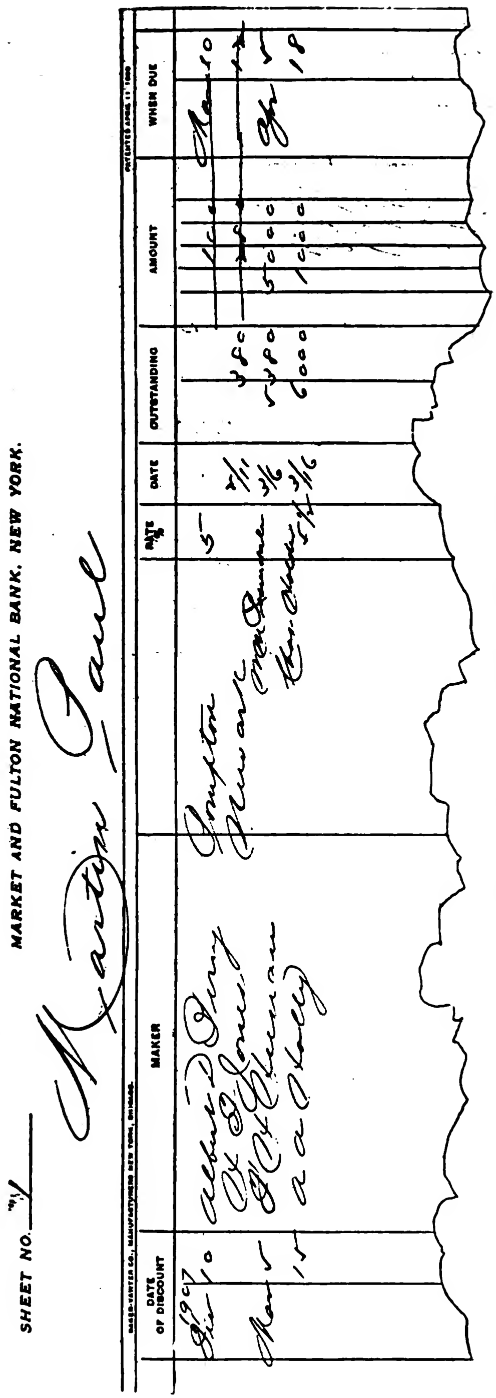


FIG. 2.—LIABILITY LEDGER OR BILL BOOK.

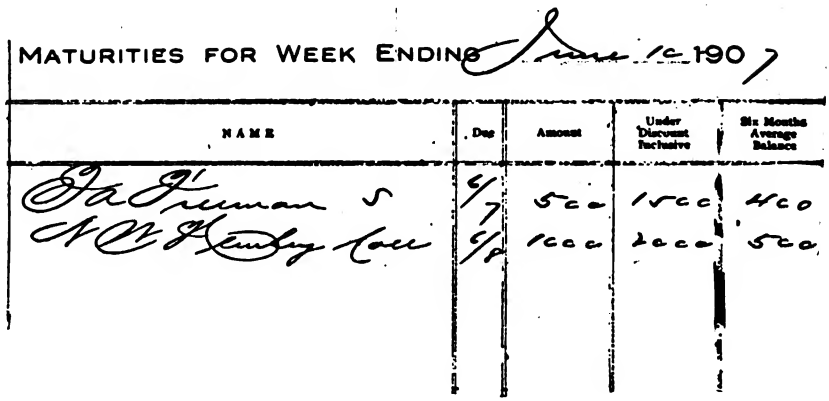


FIG. 3.—MATURITY SHEET.

month, and charge discount for every day, from date of credit to the maturity of note.

Each customer's notes are assorted in order of due date for entry on the discount register, the earliest due being entered first, and entered in this order on the liability ledger. This permits the unmatured ones to be kept together.

The discount book is ruled in columns entitled Customer's Name, Rate, Maker's Name, Where Payable, Indorser, Date of Note, Time to Run, Due Date, Actual Days the Discount is to be Charged, Number of the Note, Discount-Exchange, Net Amount; then the balance of the

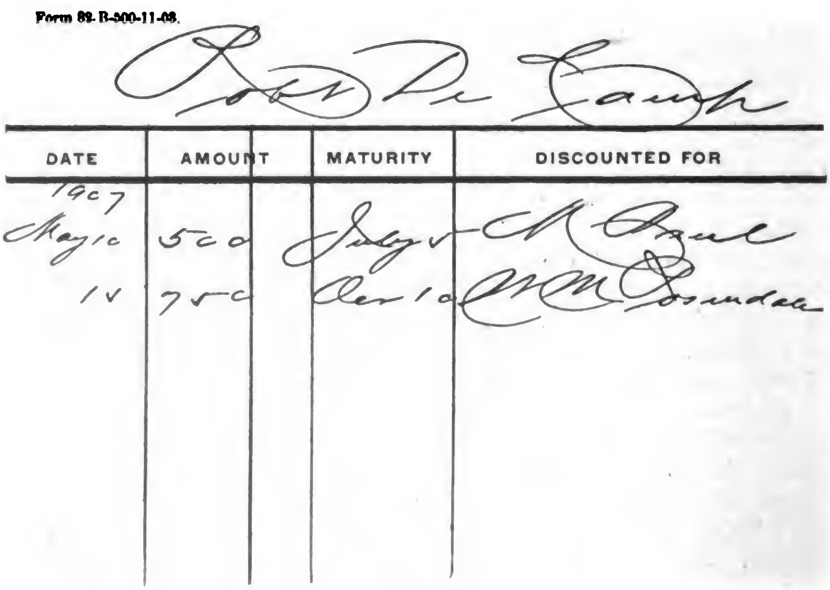
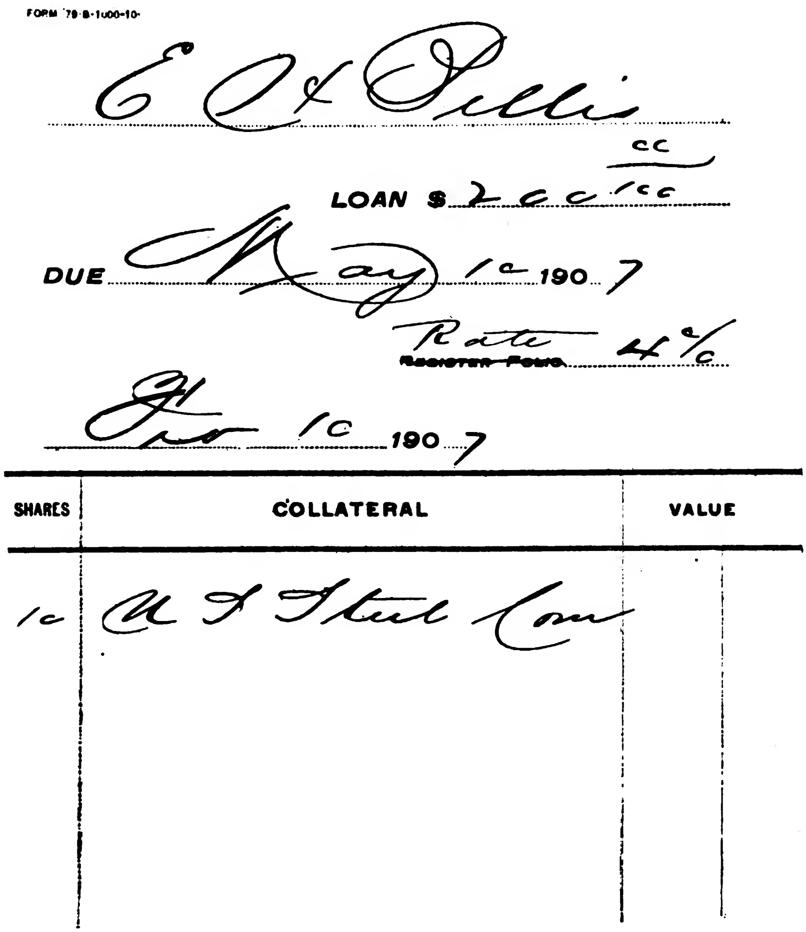


FIG. 4.

opposite page is ruled off for the various ledgers. As the bookkeepers post from this book the total of the credit is extended into the column of the ledger where the customer's account is kept.

Thf Tickler.

Diaries are kept of the maturity of all notes, which are called "ticklers," and into these ticklers, under their due date, every note is entered,



FORM 79-8-1000-10-

E. H. Pelli

cc

LOAN $ 200/00

DUE May 10 190 7

Rate 4%

~~REGISTER FOLIO~~

Feb 10 190 7

SHARES	COLLATERAL	VALUE
10	U S Steel Com	

FIG. 5.—COLLATERAL CARD.

using the left-hand page for city notes and the right for "out-of-town" notes, having one book for each month. First is recorded the name of the customer for whom the note is discounted, maker's name, where payable, number of the note and the amount. All notes are numbered consecutively; this is a good plan, as one can locate and identify them readily.

When a note is credited to the account it is discounted for, it is charged to bills discounted; so every note, as it matures, is credited to bills discounted; therefore, the total of these notes should agree with the balance in the general ledger of bills discounted account. It is a good rule on the last day of each month to add up all these notes on the "ticklers" and prove the total with the account in the general ledger of the bank.

THE MARKET & FULTON NATIONAL BANK

May 5 1907

Memorandum of Discounts made for

[illegible]

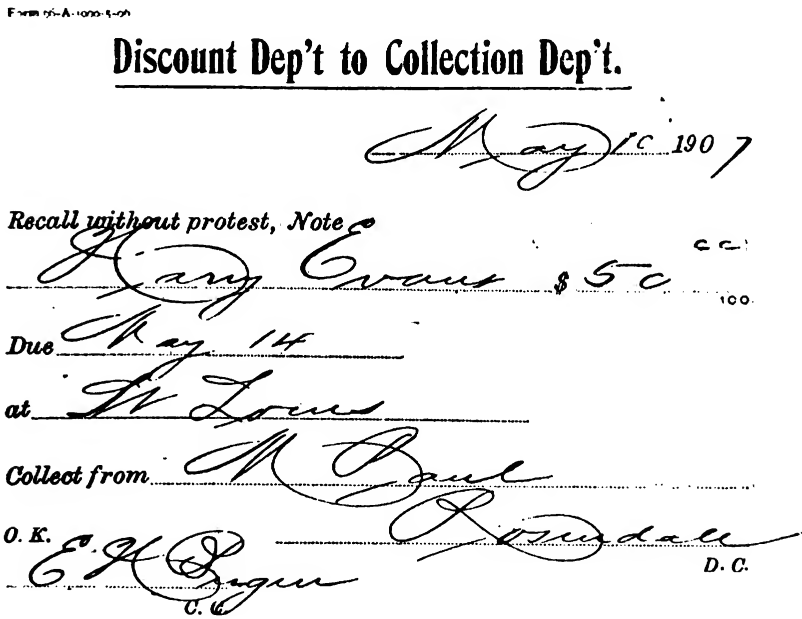
FACE	DUE	DAYS	6% DISCOUNT	EXCHANGE	PROCEEDS
500	May 15	10	.83		
400	June 4	30	2		
300	July 4	60	3		
1200			5.83		1194.17

Received in letter of...

FIG. 6.—STATEMENT OF DISCOUNT.

City notes as they mature should be credited by the note teller who gets payment for them to bills discounted. If a note is paid before it is due, it should be credited by the note tellers to bills discounted and deducted from the tickler, also deducted from the account on the liability ledger, by discount department.

Out-of-town notes are charged on the day they are due, to the bank to which they are sent and credited to bills discounted through a record known as a journal. The collection department should get these notes about a fortnight before due date, to forward them for collection. Occasionally a note has to be sent to a point at which the bank has no account. These notes are charged to an account called "transit account," and bills discounted is credited. When the draft in payment for the note is received, it offsets the charge to transit account. This plan disposes of all notes that are due and takes them from bills discounted account. The collection department looks after the prompt advice and payment of paper given to it for collection. If an out-of-town note is protested, it is credited back to the bank to which it has been charged and collected from the indorser.



Discount Dep't to Collection Dep't.

May 10 1907

Recall without protest, Note

Harry Evans $50 00/100

Due May 14

at St Louis

Collect from M Paul

O. K. E. H. Pagan C. C.

Rosedale D. C.

FIG. 7.—RECORD NOTICE.

All notes passed should be kept in the order they are recorded on the discount book for comparison by the directors when they meet. A record telling the total each dealer owes in own paper and receivables, how much will be due the following week, and the average balance for six months, should accompany the notes.

The notes should be all compared with the record on the ticklers, carefully read and timed again, and all assorted in order of due date, the city notes kept separate from the out-of-town and filed away. Each note should be indorsed with a stamp so that the note department and collection department can readily distinguish a discounted note from a collection note.

Time notes having special collateral as security should be treated in handling just the same as the notes without collateral, but an additional record should be kept by a card system, which is filed alphabetically. On each card should be recorded the borrower's name, amount of loan, due date, date of loans, and a full description of the collateral. If the loan is paid take the dealer's receipt on the card for his collateral. If loan is renewed stamp the card "loan renewed," file away and issue a new card with the new loan.

The collateral should be placed in envelopes on which is recorded the borrower's name, amount of loan, due date and full description of the collateral. These are filed according to the due date of the loan. By this system you can quickly get a full record of the time collateral loans.

Securities frequently consist of warehouse receipts of merchandise upon which the insurance expires before the loan, and promissory notes that mature before the loan; so if there be anything in a loan that needs attention before the due date, record it under the proper date in a diary which should be kept for such matters.

Mark the single-name paper with a large "S," collateral notes with "Coll.," and do this when recording them. To get the total of single-name and collateral paper, pick out the notes so marked on the ticklers.

It is a good custom each week to make out a maturity sheet, showing a list of notes due during the following week for which a part renewal may be asked. Record on this sheet makers and indorsers, amount, when due, total due on own paper and receivables, also the average balance for the past six months. This enables the officers to look the matter up before the request for renewal is made.

Occasionally the officers or directors want to know the amount of unearned interest, that is the amount that would be charged to profit and loss if every note was rebated. First find the average rate by multiplying each rate by the total discounted at that rate, add the results together and divide by the total amount under discount. Then find the average time by multiplying total of each day's notes by number of days they have to run; add the results of these totals, and divide by total amount under discount. Having the average rate, and the average time, you can easily tell amount of unearned interest.

In a book with an index, having spaces ruled off on each page, keep a profit and loss record of unpaid matured discounted paper. Have each space numbered. In these spaces record a full description of each item —to whom it has been turned over for collection, if any part payment is made, etc.

The items themselves, or a copy, if they are out of your possession, should be placed in envelopes and these envelopes marked with the same number as the space in the profit and loss record. These envelopes should be filed numerically so the paper can be readily located, however many years it may be old. The envelopes save the items from wear and tear.

UNITING THE WORK OF RECEIVING AND PAYING TELLERS.

WHAT is believed to be a novel system for a city bank is thus described by Stoddard Jess, vice-president of the First National Bank of Los Angeles, Cal.:

"In compliance with your request to furnish THE BANKERS' MAGAZINE with a descriptive article covering the system, rather unique for a commercial bank, which we have successfully had in operation in the First National Bank of Los Angeles for the past two years and which has proved of great assistance to us in solving the problem of caring for our large number of depositors by our tellers, I would say:

As each individual has his own peculiarities and differs from every other individual, so every business even in the same line exists under somewhat different conditions. To obtain the best results every business must be handled so as to meet the peculiar conditions under which it exists. This is as true in the banking business as in any other. The same organization or methods will not produce the best results in any two banks. In formulating a plan for handling the business of a bank the conditions should be carefully studied, that the proper means to the required end may be invoked.

In the city of Los Angeles banking is popular, and a far greater percentage of the people maintain checking accounts with commercial banks than in most other places. In the spring of 1905 the First National Bank of Los Angeles had about eight thousand accounts with individual depositors on its books, the business being handled by three receiving and two paying tellers in rather an unsatisfactory manner, for the reason that notwithstanding the fact that the work was divided alphabetically among the tellers, still the number of depositors presenting themselves at each paying teller's window was about four thousand—too large a number for the tellers to know personally. Another difficulty seemed to be that at certain hours of the day the paying tellers were kept very busy while the receiving tellers had but little to do; again, at other times and particularly just before the closing hour, long lines would form before the receiving teller's windows, and business in the paying teller's cages would be slack. Just at this time, and with these conditions existing, it was decreed that the First National Bank should take over the business of two other national banks in the city, with nearly seven thousand additional accounts. The problem this brought was how to arrange to care for nearly fifteen thousand accounts requiring forty individual ledgers to hold them in a manner to give satisfactory service to the depositors.

At some time in my life I picked up the idea that if anything was too large to handle as an entirety, the proper solution of the problem of handling it was to reduce it into parts, and recognizing the successful application of this principle in the organization of the modern department store, which is nothing more than an aggregation of small stores and up to a certain point under separate control and management, I asked myself the question, Why not divide the bank up into a number of small banks, in alphabetical sub-divisions, each to have its own clientage and each to be under the control of one teller who should receive as well as pay and who should have an assistant to do such work as the teller might see fit to turn over to him—thus following out the methods of the smallest country bank.

While this plan recommended itself theoretically, and seemed to offer a satisfactory solution of the problem, it was such an innovation in the field of commercial banking that it was with some hesitation that I advanced the idea. Our tellers unanimously pronounced it entirely impracticable for them to both pay and receive. Not believing their position to be well taken, having performed the same duties in a country bank myself, I concluded to make the innovation and give the scheme a trial. To do this required a change in the construction of the counter line. I arranged to divide the bank, as it were, into nine small banks—one for lady customers exclusively, and eight according to the following subdivisions of the alphabet: A-B, C-D, E-G, H-K, L-M, N-R, S, T-Z.

In carrying out the plan, eight cages were constructed on one side of the bank, the ladies' department being removed for convenience to another location; each cage of the same size, nine feet long and six feet wide, with two windows in each at the counter line, one marked 'Teller' and one 'Assistant,' with a compartment back of each cage four and one-half feet wide by nine feet long, for a bookkeeper to handle the detailed ledger containing the accounts of the depositors whose names commenced with the letters on the front of the cage.

In the working out of the system an amount of cash necessary, and to be adjusted from time to time, is given into the custody of each teller to remain in his possession and under his control, a coin truck being provided for each, which is locked and wheeled into the coin vault at night and taken out each morning by the teller and placed in the cage under the counter in a place provided for it between the teller's and assistant's windows. Both the teller and his assistant handle the cash, and at the close of the day's work both are required to count it and initial the teller's sheet which is turned into the auditor. It is made the duty of the auditor to count the cash in the possession of each teller at irregular intervals, not more than six days apart, and turn in a report of his findings to the cashier.

The object of having the bookkeeper immediately behind the cage is for the convenience of the teller or his assistant in securing information in regard to the condition of the depositor's account.

The objects gained by the system are:

First.—Retaining the personal equation between the teller and his customer. By dividing the alphabet so that all customers whose names begin with A-B, etc., transact their business at one cage, it makes a clientage for each cage of from 1,500 to 1,700 depositors, a number that it is entirely possible for the teller to know personally, giving the teller the advantage of being able to call his customer by name and to become acquainted with the standing of the depositor and the character of his account, allowing the teller to render better and prompter service than would otherwise be possible.

Second.—The system properly handled prevents the formation of long lines before the tellers' windows, thus expediting the transactions of business and preventing congestion in the lobby. All customers fall in line in front of the teller's window. The duty of the assistant is only to do such things as the teller may direct and not take any business on his own initiative. When a customer presents himself at the teller's window desiring an assortment of change to make up a payroll, or with a long list of items on a deposit slip to check up, transactions that take time and so impede the progress of the line, the teller passes the transaction over to his assistant and requests the customer to fall back to the assistant's window and receive his payroll or his pass-book containing the proper credit entry. If the teller uses discretion in handling the business as indicated, it results in the formation of two lines—one a fast-moving line in front of the teller's window, and, when necessary, a slow-moving line at the assistant's window, each customer in which, if kept waiting, keeps somebody else waiting in turn and consequently has no just cause of complaint.

Third.—The advantage to the customer in allowing him to transact all of his business with one teller at one window. The depositor that desires to cash a check as well as make his deposit appreciates the opportunity of being able to do both at one window rather than to be obliged to work his way up in line to a receiving teller's window and then fall back and work his way up again in a line to the paying teller's window.

After a trial of over a year and a half, all our tellers are convinced that the method is entirely feasible and say that they cannot see how the same volume of business could be handled by the old system of segregating the paying and receiving tellers; the customers express their appreciation of the service rendered, and the management of the bank feel that the innovation has succeeded in solving the difficult problem of handling the large number of accounts in a manner far ahead of all expectations.

To give some idea of the volume of business passing through the bank, I would state that in one day recently we handled in the various departments over twenty-two thousand items.

I trust that the system outlined may offer some hints that may prove of assistance to some of your readers, and I shall be glad to answer any questions in regard to the working of the system that may be addressed to me."

SAVINGS BANKS

RAILROAD BONDS HELD BY SAVINGS BANKS.

IN view of the agitation about public supervision of railways, the holdings of railway securities by the savings banks present some interesting features.

In Massachusetts the holdings of these securities have shown a marked increase in recent years, having risen from 8.55 per cent. of total assets in 1892 to 17.61 per cent. in 1906, the total in the latter year being $130,603,405 out of an aggregate of $242,222,494.37 invested in securities of all kinds permitted by the savings bank law of the state. In other words, nearly half the securities owned by the savings banks of Massachusetts are railway bonds.

Connecticut savings bank statistics also show a preponderance of railway stocks and bonds. In 1906 the savings banks of that state had invested in United States, state, town, city, school district and corporation bonds and obligations, $55,750,069.88, while their investments in railroad stocks and bonds amounted to $97,421,790.22.

Maine savings banks in 1906 had $72,721,112.36 invested in securities, of which $39,929,173.99, or over fifty per cent., is represented by railroad bonds and stocks.

In New York the savings banks had, on January 1, 1907, $229,758,798 invested in railroad bonds, out of a total of $644,279,426.95 stocks and bonds (exclusive, of course, of $688,066,201.11 "bonds and mortgages" representing real estate loans). The investment in railway securities by the savings banks of New York is less, proportionately, than in some of the other mutual savings bank states, owing, perhaps, to the strictness of the law and the opportunities for safe and profitable loans on New York city real estate.

It will be seen, however, that railway bonds constitute a most important element in the assets of the savings banks, and it will be further perceived that the savings banks, or rather their depositors, are vitally interested in any policy that might lessen the values of these securities.

DIME SAVINGS BANK OF WILLIAMSBURGH, BROOKLYN, N. Y.

HEREWITH is presented an illustration of the handsome and substantial building of the Dime Savings Bank of Williamsburgh, Brooklyn, N. Y., recently completed.

This institution has about $7,000,000 of deposits, belonging to over 12,000 depositors. Its officers are: President, William P. Sturgis; treasurer, Clarance M. Lowes; assistant treasurer, Charles Kroeck, Jr.

THE BANK BUILDING.

NEW COUNTERFEIT $10 (BUFFALO) UNITED STATES NOTE.

SERIES of 1901; check letter D; face plate number 213; back plate number indistinct, but looks like 44; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States.

This counterfeit is apparently printed from photomechanical plates on paper of good quality, between which silk threads have been distributed. The distribution of the silk is very poorly done, in several places it being lumped or massed together. The number of the only specimen so far received is 10485437. Aside from the poor portrait work the most noticeable defect is the Treasury number, the figures of which are too large and entirely different in formation from those of the genuine. The seal and large red numeral are well executed and of good color.

The note is similar in many respects to the counterfeits of the same issue described in our circular letters No. 202, dated July 29, 1903, and No. 231, dated June 23, 1904.

A BANK FOR SCIENTIFIC RESEARCH.

IN the June issue of the London "Bankers' Magazine" W. R. Lawson makes some suggestions for a new kind of bank. He says:

"A lover of violent contrasts will find them in the different kinds of treatment which a scientific worker receives in three such typical countries as England, Germany and the United States. In England he may spend half a lifetime trying to discover a capitalist venturesome enough to give any of his discoveries a fair trial. In Germany he will be welcomed into the research department of any large establishment, and provided with every facility for developing his discovery. When its commercial value has been proved any large bank will, under proper guarantees, advance the capital needed for its realization.

Nowadays an American inventor or discoverer will know scores of offices where his idea need only be shown in order to get it carefully examined and tested. Capitalists on the lookout for such opportunities would make an offer for it on the spot. They would undertake to spend so many hundred thousand dollars in building a suitable plant and putting the article fairly on the market. There would be no prejudiced or conservative trade opposition to fear. In the United States novelty, far from being an objection, is a recommendation. The inventor is regarded as a possible bonanza, and not as a mere bore. * * *

Anyone, after comparing these three national experiences of an imaginary inventor, may ask: But why are there no banks or syndicates in England that make a specialty of financing new industries? There are none, because to begin with our English banks are not built that way. Their object in life is to pile up deposits and to find the easiest possible uses for them. A certain proportion of these is put in consols and other gilt-edged stocks; another portion is lent to old-fashioned firms warranted to do nothing rash with it; another portion is lent to the Stock Exchange from account to account; another portion is reserved for the one and one-half and two per cent. fine work in Lombard Street; and the balance is kept either in gold or at the Bank of England.

Thus there is nothing left for the encouragement of new industries or new ideas of any kind. Moreover, new ideas are always speculative, and the English banker never speculates, unless unconsciously; even then it must be in something old-established, familiar and respectable.

My own belief is that there is a great future in England for industrial banking, meaning by that term a combination of expert banking with expert industrial finance. Such a bank, had it existed half a century ago, would have made a pile of fortunes out of coal-tar dyes, another out of the telephone, another out of the Welsbach light, still another out of the electrolytic process of refining metals. All the scientists, the technologists, the physicists and the spirit mediums in the country would have kept their accounts with it and given it the first call of their discoveries. Could a more interesting or exciting sort of banking than that be imagined? Neither the philosopher's stone, nor Irish legislation, nor the Mexican Railway market, would be in it with a Bank for Scientific Research."

THE OVERCAPITALIZATION OF RAILROADS.

BY HENRY CLEWS.

THE following is a speech made by Henry Clews at the Economic Club banquet on the evening of June 5, at the Hotel Astor, New York city; the subject selected for discussion being, "Is the Overcapitalization of Railroads an Evil?"

Overcapitalization of railroads—which is stock-watering pure and simple—is an evil. While in the early stage of our railroad building it was justifiable under the then existing conditions, it is not so to-day. Overcapitalization and the declaration of dividends not earned should be stopped by law. or else we will drift into a reorganization condition like that of 1893, which, to our sorrow, is memorable to most of us.

Overproduction of any kind is a detriment to trade and leads first to extravagance and then to disaster; overfeeding produces disease; overtraining of an athlete weakens him and causes his defeat; overstudy racks the nerves of the student and unfits him for usefulness. Overwork kills man and beast and ruins even our locomotives and machinery. Too much rain, too much wind and too much sunshine spoil our crops; too much confidence or too much caution prevents a business man from achieving success. There is a happy medium in all things which produces good results and promotes success. Under our modern system of financing our railroads and industrial corporations overcapitalization has in many instances run riot and produced an overplus of undigested securities. This system of financing will surely lead to disaster if not curbed and conducted in a rational manner. If a company needs additional funds for legitimate purposes, such capital is a necessity which stockholders will willingly provide; but the managers of corporations should be compelled to state exactly and definitely for what purpose such funds are needed and should also be compelled to make a clear and definite report.

Centralization of power in the hands of an able executive is a good idea if he proves worthy of the trust his colleagues confide in him, but, on the other hand, makes him a master, and them slaves, if he be unscrupulous and crafty.

There is no use in using the muck rake any more in connection with the past misdeeds of railroad reorganizations. The past mismanagement and watered securities which have been issued, enriching the few at the expense of the many, are already well known, so to continue to stir up the muddy water will be to the injury only of the innocent stock and bond holders. Under the old, inadequate laws the chief offenders cannot be made to disgorge their ill-gotten gains, as the watered properties have drifted into the hands of innocent parties; therefore, to continue to use the muck rake is to add to the injury of the victims, whose name is legion. The over-issued securities cannot be recalled and canceled by law, held as they now are. The possessors of them have vested rights that cannot be interfered with by any process of law. The question now to decide is what remedies can best be adopted to prevent a repetition of stock-watering. My plan is for the Government to appoint a salaried director in each of the interstate roads, this director to be on the executive committee also. His duty should be to act as a watch dog, and he should be required to report to the Interstate Commerce Commission all crooked acts or suspicions of any; besides which the interstate roads should be compelled by law to issue sworn statements of their exact condition semi-annually. Officials of railroad companies found

guilty of any illegal acts whatsoever should be punished by imprisonment. Money penalties are of no use in stopping wrongs of wealthy corporations. If some such methods as I have suggested were adopted, confidence would at once be restored, which is now sadly lacking, and our railroad securities would be sought for permanent investment by investors in all parts of the world, and thereby reflect most favorably upon American credit from one end of the nation to the other.

Though of English birth, Mr. Clews is a thorough-going American. His early training was with a view to the ministry, but a visit to America while under fifteen so imbued him with the spirit of our institutions that he decided to stay here and enter upon a business career. He obtained employment in an importing house, remaining there several years, and in 1857 became a member of the banking firm of Stout, Clews & Mason (which afterwards became Livermore, Clews & Co.) During the Civil War the firm took an active part in securing subscriptions to the various Government loans and in selling Treasury notes.

In 1877 the firm of Henry Clews & Co. was organized, and it has grown to be one of the large and well-known banking houses of the country.

Mr. Clews takes a keen interest in politics and public affairs, but merely in the capacity of a citizen. He has been active in the cause of good government, and though offered important official station, he has been content to remain a business man.

His two books, "Twenty-eight Years in Wall Street," and "The Wall Street Point of View," have given him quite a reputation as an author.

Mr. Clews was one of the founders of the Union League Club, and is also one of the oldest members of the Union Club.

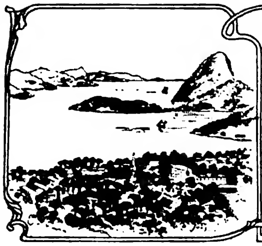
INVESTMENTS IN JAPAN.

CONSUL-GENERAL H. B. MILLER, of Yokohama, reports that the total capital subscribed to the stock of the new companies organized in Japan during the month of March amounted to $11,995,000, while the increased capital of old companies during the same period amounted to $23,173,800.

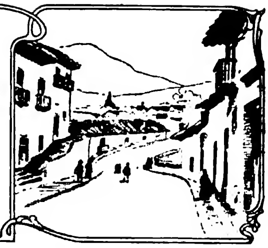
Of the new companies organized during March, the capital of the banks aggregated $960,000; cotton mills, $262,500; railways, electric and tram, $650,000; manufactures, $2,750,000; mining, $1,500,000; commercial and miscellaneous, $5,085,000; marine, $1,050,000, and electric power, $100,000. During the month old banks increased their capital by $10,861,300; manufactures, $150,000; insurance, $2,650,000; mining, $2,500,000, and commercial and miscellaneous, $6,650,000.

During the twenty months ended with February, 1907, the amount of capital subscribed to new Japanese companies was $553,574,900, while the increased capital of the old companies amounted to $229,427,-365. Of the new companies organized, the aggregate capitalization of the banks amounted to $17,380,000; cotton mills, $16,676,500; electric, $58,992,500; mining, $30,260,000; marine, $13,862,500; railways, $159,-100,000; manufactures, etc., $161,903,400; navigation, $20,900,000; insurance, $16,850,000, and commercial, etc., $57,650,000. The increase of old companies during the twenty months were: Banks, $36,564,675; cotton mills, $20,902,715; electric, $17,680,000; mining, $9,575,000; marine, $805,000; railways, $56,089,900; manufactures, etc., $49,298,500; navigation, $4,200,000; insurance, $9,925,000; commercial, etc., $24,-386,575; total subscribed and increased capital, $783,002,265.

[Other reports have been to the effect that only a small part of this increase was paid up.]



LATIN AMERICA



TRADE OF THE UNITED STATES WITH LATIN-AMERICAN COUNTRIES.

TRADE of the United States with her Latin-American neighbors aggregates more than 600 million dollars in the fiscal year ending June 30, against but little more than 230 million dollars a decade ago. The total commerce with all Latin America in the fiscal year 1897 was but 234 million dollars in value. In the fiscal year 1907 it will show approximately 610 millions. In this figure is included the trade with Porto Rico, not now considered as foreign commerce, but entitled to be considered in this calculation, which compares the figures of 1907 with those of 1897, a date when Porto Rico was a foreign country.

Of the more than 600 million dollars which the trade with Latin America will aggregate in the year just ended, approximately 360 millions will be imports and 250 millions will be exports, still including in these figures the trade with Porto Rico. The total imports from all Latin America show an increase of 132 per cent. over those from the same area in 1897, while the exports to those countries show an increase of 212 per cent.

The growth in trade with the Latin-American countries has been more rapid than with many other sections of the world, and in both imports and exports the percentage of increase is greater than that with the remainder of the commercial world. Figures just compiled by the Bureau of Statistics of the Department of Commerce and Labor show that imports from Latin America in 1907 are, as above indicated, 132 per cent. greater than those of a decade ago, while those from all other countries combined are but 78 per cent. greater than a decade ago. Exports to all of Latin America in 1907 are 212 per cent. more than in 1897, while those to all other countries are but 68 per cent. greater than in 1897.

In this term "Latin-American" countries are included Mexico, Central America, all of South America except the British and Dutch Guianas, and all of the West Indian Islands except those under British, Dutch, or Danish control.

The principal countries with which this growth in our trade occurs are Argentina, Brazil, and Chile, in South America; Central America as a whole, Mexico, Cuba, and the island of Porto Rico, the latter not now included in the statistics of foreign commerce of the United States, but included in this statement, which compares trade conditions with Latin America at the present time with those of a decade ago, when the figures of our trade with Porto Rico were included with those of our foreign commerce.

The trade of the United States with Latin-American countries will, in 1907, in nearly all cases, make its highest record, both as to imports and exports. In the case of Mexico, imports therefrom will amount to about 57 million dollars, while the highest record in any earlier year was 51 millions in 1906. The exports to that country will aggregate about 65 million dollars, while the highest record in any earlier year was 58 millions in 1906. In the case of Cuba, imports therefrom will aggregate about 97 millions, while the highest previous record was 86 millions in 1905. The exports to Cuba will aggregate about 49 millions, while the highest earlier record was 47¾ millions in 1906. In the case of Brazil, the imports therefrom will slightly exceed 100 millions in the fiscal year 1907, against a fraction over 99¾ millions in 1905, the only preceding year in which the import figures from Brazil exceeded 100 millions being 1892, in which year the imports were materially overvalued by reason of erroneous valuations of the Brazilian currency, in which the figures of her exports were stated. The exports to Brazil in the year now about to end will aggregate about 18 million dollars, while the highest figure in any preceding year was 15 millions in 1895. From Argentina the imports of 1907 will show a loss of about 1 million dollars as compared with 1906, and the exports thereto about equal to those of 1906. From Porto Rico the merchandise reaching the United States will amount to about 23 million dollars in value against 19 million in 1906, while the value of merchandise sent to the island will aggregate approximately 25 millions against a little less than 20 millions in the preceding year.

The increase in importations from the Latin-American countries occurs chiefly in a few great articles, while the increase in exportations thereto is distributed among a large number of articles, chiefly manufactures. The growth in exports to these countries, as above indicated, occurs chiefly in manufactures, which are of great variety, agricultural implements, cotton goods, and iron and steel manufactures showing the principal growth.

THE PAN-AMERICAN RAILWAY.

IN a recent issue the "New York Sun" predicts the building of the Pan-American Railway. It says:

"The prediction is not wild that a day will come at no very distant time when a continuous railway journey can be made from Cape Breton to Buenos Aires. We will go even beyond that and predict that a day will come when an all rail journey will be possible from Cape Nome to Punta Arenas, on the Straits of Magellan. Just as surely as there are now lines from Eastport to San Diego and from Paris to Vladivostock, there will be a Pan-American line and a Cape to Cairo system.

Such a prediction to-day has in it much less of the purely visionary element than would have been the case had one in 1880 foretold that 1907 would see practically three-fifths of such a line between New York and Buenos Aires completed and in operation. Of the completed roads, aggregating approximately 6,000 miles, only a little more than one-third is in the United States. The distance from Laredo on the United States and Mexico boundary line to Buenos Aires is practically 8,000 miles. Nearly one-half of that is already covered by links in the proposed Pan-American system. The larger part of another thousand miles is now under construction or is definitely projected.

The long span which lies between Ayutla, on the northern boundary of Guatemala, and Rio Quiaca, on the southern boundary of Bolivia, is as yet marked by only a few isolated links, although their total length forms a considerable mileage. This is the most difficult and costly section of the line. Naturally it will be the last to be filled in, but it will be filled. The Central American States must first have their lines from sea to sea. These they are building. With those completed the development of the countries will require routes from border to border, and they will be built, completing the Pan-American line from New York to Panama.

Bolivia is closing up the gap at its southern end, and there is activity in Peru. Of the 1,500 mile stretch through Ecuador and Colombia only about 200 miles is now built. This will probably be the last gap to be filled and the hardest to fill. But the day will come when rails will be laid southward from Panama, across the mountains, up the Caucus Valley, along the Andes to Cerro de Pasco in Peru."

ARGENTINE PROSPEROUS.

THE Argentine Legation requested the London" Times" to publish the following telegram, received from the Minister of Finance at Buenos Aires:

"The economic and financial situation of the Argentine Republic is very prosperous. The customs duties and other taxes are yielding more this year than last. There is at present deposited in the conversion office $117,000,000 gold, sent in to be exchanged for national currency in the regular course of business, and, in addition, the Argentine Government has $16,350,000 deposited in gold with the Banco de la Nacion as a guaranty fund for the currency circulation.

The Government has decided to increase with its own resources the capital of the Banco de la Nacion by $40,000,000. The profits of the bank last year were over $8,000,000, and the reserve invested in gold amounts to $3,700,000. The funds for the service of the national debt for the whole of the current year are ready to be remitted to Europe when required. Copious rains continue, thus assuring abundant crops."

AMERICANS SHOULD WAKE UP.

SPEAKING at the ceremonies incident to the breaking of ground for the proposed Alaska-Yukon-Pacific Exposition at Seattle, Hon. John Barrett, Director of the International Bureau of American Republics, said:

"I am moved to express the hope that under the Pacific division of your exposition you may see fit to invite the participation of those Latin-American states that border on the Pacific Ocean and whose growing ports can be easily and directly reached by vessels sailing from Puget Sound, the Columbia River and San Francisco harbor. There is impending in Central and South America a new era of peace and prosperity that will make us sit up, rub our eyes and wonder why we have always talked and dreamed of the Orient and Asia, giving hardly a passing thought to the resourceful and potential sister nations to the south and southeast of our contented selves. Already the foreign trade of Latin-American Republics facing upon the Pacific amounts to $500,000,000 per annum, of which the United States has too small a portion, but which is in the merest infancy of its possibilities. If we do not study, exploit and master the foreign commerce of these advancing, ambitious nations of Latin America, Europe certainly will, and we will be left to our own sweet singing of the swan song, 'It might have been.' Nay, more, if we do not gird our loins to the fray the Panama Canal will be done before we realize it and it will become a waterway for the European and Asiatic merchant fleets rather than our own."

TRADE AND INDUSTRY IN COLOMBIA.

TRADE and general conditions in the Republic of Colombia are reported as having greatly improved within the past few months. Banks have lowered their interest rates, following a return of confidence, and trade and industry are generally active. New agricultural and mining machinery is said to be needed, and the present is regarded as an especially favorable time for American manufacturers to open up new markets.

Of the exports of Colombia passing through the port of Barranquilla, fifty-one per cent. comes to the United States. In 1906 there was exported from this port coffee of a valuation of $4,373,892, of which the United States took $3,279,649.

The Santa Marta Railway, which is now in course of construction, will facilitate the marketing of the coffee, banana and other crops.

AMERICAN BANK NEEDED IN GUAYAQUIL.

CONSUL-GENERAL HERMAN R. DIETRICH furnishes the following information concerning the banks of Guayaquil, Ecuador:

"On an aggregate capital of nearly $5,000,000 the six banks in Guayaquil declared dividends for 1906 averaging a little less than 14 per cent.

It is reported that the German Bank of Berlin, which has already established branches in Peru and Chile, is about to establish a similar institution in this city. Trade relations of this Republic with the United States and the daily increase in the interchange of the products of the two countries seem to warrant a serious consideration of the possibilities in the banking business on the part of investors in the United States. I am of the opinion that an American bank, properly organized and sufficiently capitalized, would do well in Guayaquil."

CONDITION OF THE MEXICAN BANKS.

AS reported by the "Mexican Herald," the chartered banks of Mexico had on April 30 the following resources and liabilities:

Aggregate Assets.

Cash holdings—	
Gold	$48,643,467.01
Silver	17,713,981.16
Notes	6,745,973.00
Total cash holdings	$73,103,421.17
Deposits	583,194.14
Bills discounted	198,874,702.98
Loans on collaterals	113,782,568.74
Mortgage loans	22,685,381.28
Other secured loans	2,783,074.79
Investments	25,741,761.65
Debtor accounts	264,005,180.65
Bank premises	7,602,396.61
Uncalled capital	7,350,000.00
Aggregate assets	$716,511,682.01

Aggregate Liabilities.

Combined capital	$162,600,000.00
Reserves-previsions	54,895,119.55
Notes in circulation	99,072,829.50
Bonds in circulation	18,450,400.00
Call deposits	33,426,915.58
Time deposits	31,910,131.86
Creditor accounts	316,156,285.52
Aggregate liabilities	$716,511,682.01

Compared with April of the three preceding years, a steady increase is notable:

April, 1907	$716,511,682.01
April, 1906	649,827,917.79
April, 1905	499,741,845.68
April, 1904	432,023,758.59

SECRETARY ROOT TO VISIT MEXICO.

ON June 10 Hon. Enrique C. Creel, the Mexican Ambassador, made this statement about Secretary Root's forthcoming visit to Mexico:

"The policy of Secretary Root to develop friendship, good will and commercial intercourse by the United States with all the Spanish-American countries, his views as to international arbitration, his high spirit of justice and his friendship to Mexico are very much appreciated and have developed a feeling on the part of President Diaz to invite Mr. Root to visit the country for which he has shown so much friendship and such strong sympathy.

Secretary Root has accepted the invitation, and will make his visit some time in August or September. His trip to Mexico is for no political purpose, as there are no negotiations between Mexico and the United States, but it will have great importance as an expression of personal friendship toward Mr. Root and add to the good feeling of President Diaz and the people of Mexico for the Government and the people of the United States.

The two countries have a great future before them, and the better they are known to each other and the more cordial their relations may be the easier it will be to solve the great problems which may arise in the future."

COOK'S TOUR TO SOUTH AMERICA.

ON July 3 a Cook's Tourist Party sailed from New York for a tour of South America. The itinerary includes the principal cities of the Atlantic coast of South America, in Brazil, Uruguay and Argentina, the Straits of Magellan to the Pacific Ocean, the historic cities, resorts and mountain regions of Chili, Peru, Bolivia and Ecuador, and then the Panama Canal Zone.

The journey of a little more than three months will cover practically the whole of the South American continent. A unique feature will be an extensive railroad and steamboat trip in the Andes. An altitude of nearly 15,000 feet will be attained on the way to Lake Titicaca and La Paz, the highest capital in the world.

OPENING FOR AMERICAN BANK.

URUGUAY is said to be in need of an American bank. Alfredo M. Green, the Consul for that Republic at New York, recently said: "Before I left for New York the President requested me to express his great sympathy with the United States and his strong desire to establish closer trade relations between the two countries. He believes that an American bank could be opened in Montevideo with excellent results. At present the principal banking business is done by a branch of the Banca De Espana del Rio De la Plata, of Buenos Aires, but there is a great need of a strong bank supported by American capital. This would be the means of giving America commercial supremacy in Uruguay. Trade in hides, ostrich feathers, and more especially wool, could be greatly developed with mutual advantage."

GENERAL NOTES.

—Hon. John Barrett, Director of the International Bureau of the American Republics, has a comprehensive and interesting article in the July "Review of Reviews" on "Resourceful Central America." The facts given in regard to the area, population, climate and resources of the countries of Central America will surprise many who have looked upon that region as being little better than a trackless jungle.

—In "The Outlook" of June 22, J. Gilbert Van Marter writes entertainingly of Chili as "The New England of South America."

—The total of declared exports from the Rio de Janeiro district, not including Victoria, for the first three months of 1907, is $4,637,244, as compared with $3,385,891 for the same quarter of 1906. This increase of about 40 per cent. was due largely to increased shipments of coffee, the record for 1906 being $3,329,-295, and for this year $4,492,743. There were no shipments of rubber from Rio during the quarter this year, but there was a marked increase in the shipments of Manganese ore, diamonds, and ipecacuanha. The shipments of coffee may properly be credited to the immense coffee crop of last year, so that whether the increased shipments during the quarter mean a marked increase in the year's exports depends largely upon the size of the current year's crop. At the present state of exchange, general trade ought to be stimulated considerably.

—The Mexican Government is said to have offered liberal inducements to the Vanderbilt system of railways to route their transcontinental traffic over the National Tehuantepec Railroad. It is stated that the Vanderbilt interests will establish a line of steamships to ply between New York and Coatzacoalcos, the Atlantic terminus of the National Tehuantepec line, and between Salina Cruz, the Pacific terminus, and California and Oriental points.

—It is reported that the Mexican Government will build a railway extension from the port of Tampico to Matamoros, opposite Brownsville, Texas. This is said to have been practically decided upon, but it may be some time before construction is started, as financial arrangements must first be made. The construction of the "cut-off" of the Mexican Central that will form a short and direct route between Mexico City and Tampico is now in progress. The first thirty miles will soon be graded. It is claimed that the proposed Gulf coast route will shorten the distance between the United States border and Mexico City more than three hundred miles.

—On June 20 the committee selected to determine the design for the new building of the Bureau of American Republics accepted the design submitted by Albert Kelsey and Paul C. Creh, associated architects, of Philadelphia.

The jury of architects making the award was composed of Charles F. McKim, Henry Hornbostel and Austin W. Lord, all of New York. Their decision was approved by Secretary of State Root and John Barrett, Director of the Bureau. The building is to cost $750,-000, including furnishings and decorations.

—A great lake of liquid asphalt, situated in the State of Tamaulipas near Tampico, Mexico, has been purchased by an American syndicate headed by W. C. Moore of San Antonio, Texas. It is stated that the supply of asphalt in the lake is practically inexhaustible.

—President Diaz has issued a proclamation proposing a great celebration to commemorate the centenary of the republic's independence.

The ceremonies will commence on Sept. 15, 1910.

—It is stated that the branch lines of the National Railroad of Mexico are to be changed to standard width as rapidly as the work can be done, the main line having been widened several years ago.

The National is building a new branch from Jarita to Columbia in the heart of an undeveloped coal field near the Texas border. As soon as the road is finished the owners of the coal deposits will proceed to develop the mines on a big scale and it is expected that a large tonnage will be afforded.

—Complaint is made by Consul General Anderson, at Rio de Janeiro, of the inadequate transportation facilities between the United States and Brazil, for both freight and passengers.

—According to the Buenos Aires correspondent of the Los Angeles, Cal., "Times," more millionaires live in Buenos Aires than in any other city of the world, of the same size.

—The Hamburg-American Line has inaugurated a regular monthly service between New York and San Juan del Norte, Nicaragua.

—Consul-General H. R. Dietrich, of Guayaquil, reports that the President of the Republic of Ecuador has contracted for the construction of a railroad from some point (to be determined) on the Pacific coast in the Province of Esmeraldas, via Ibarra and Otavalo, to Quito.

—Brazil is said to offer an attractive market for American automobiles.

—Mexico is reported to be a good field for the manufacture of salt, under modern methods.

—Brazil's foreign trade for 1906 showed: imports, £36,167,487, compared with £32,739,584 in 1905; exports, £53,-092,230, compared with £44,653,844 in 1905.

The growth of shipping corresponds with the expansion in trade, the returns of navigation since 1903 having increased from a total of 11,000,000 tons entered in 1903 to 14,500,000 tons in 1906.

—The Rothschilds have taken the £3,000,000 coffee valorization loan issued by the State of Sao Paulo, Brazil.

—Col. W. C. Green of New York and associates recently closed a deal for the purchase of two and a quarter million acres of land situated in the northern part of the State of Chihuahua, Mexico. They already own 1,640,000 acres of timber and grazing land there.

—Traffic through the ports of Salina Cruz and Coatzacoalcos has developed to such an extent as to cause the Pacific Mail Steamship Co. to adopt a new schedule which provides that all its boats shall make Salina Cruz a regular stopping point hereafter. Salina Cruz is the Pacific terminus of the National Tehuantepec Railroad, and the increased traffic is due to the opening of that trans-isthmian route for through business.

—Mexico's imports from the United States increased from $49,788,571 in 1905 to $72,508,956 in 1906—the total imports from all countries in the latter year being $109,884,235.

The exports to the United States amounted to $92,633,006 in the fiscal year 1906, an increase of $16,470,279 over the previous year; to Europe, $39,-742,508, an increase of $14,590,022; to the West Indies, $2,006,440, an increase of $76,456; while exports in 1906 to Central America amounted to $508,767; to South America, $32,656, and to all other places $86,270.

The amount of American investments in Mexico at the close of 1906 is conservatively estimated at $750,000,000 gold, against $500,000,000 five years ago. Investments have not been confined as formerly to a few leading enterprises, but are systematically distributed among all lines of activity in the Republic.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE NATIONAL BANK OF ROCHESTER, N. Y.

THIS institution opened for business January 2, 1906, in the new and handsome suite of banking offices shown in the accompanying illustrations. It took over the approved business of the German-American Bank of Rochester and the Flour City National Bank of Rochester, and in May, 1906, absorbed the Commercial Bank of Rochester. Of the three banks thus brought together only such assets were taken by The National Bank of Rochester as were acceptable to the merger committee.

EUGENE SATTERLEE,
President National Bank of Rochester.

NATIONAL BANK OF ROCHESTER.

The Flour City National Bank was organized in 1865, the Commercial Bank in 1875 and the German American Bank in 1884. At the time of the merger each bank had a capitalization of $300,000, $200,000 and $500,000, respectively.

By the absorption of these institutions The National Bank of Rochester gained at once a large amount of business as well as the prestige usually attaching to banks long in existence. The union of three established banks and the formation of a new institution on this foundation afforded obvious advantages, and has resulted in that efficient service to the commercial community that is only possible where adequate capital is combined with experienced and capable management.

Since its organization The National Bank of Rochester has materially increased both its deposits and loans above the totals of the banks absorbed, as may be seen from the following:

Deposits of The National Bank of Rochester, May 20, 1907	$10,856,635.37
Total of deposits taken over from the three banks	9,826,569.07
Gain	$1,030,066.30
Loans of The National Bank of Rochester, May 20, 1907	$9,845,234.54
Total of loans taken over from the three banks	7,584,328.92
Gain	$2,260,905.62

The National Bank of Rochester has a capital of one million dollars and a surplus of one million dollars, with total resources of thirteen million three hundred thousand dollars. Its condition is more fully set forth in the following report, made to the Comptroller of the Currency on May 20:

RESOURCES.

Loans	$9,845,234.54
U. S. bonds and premium	547,240.63
Other bonds	260,980.00
Cash and due from banks	2,649,555.99
Total	$13,303,011.16

LIABILITIES.

Capital stock paid in	$1,000,000.00
Surplus and profits	1,099,675.79
Circulation	346,700.00
Deposits	10,856,635.37
Total	$13,303,011.16

The bank is thoroughly organized in all its departments, and is especially well equipped for giving prompt and efficient service to banks and bankers as well as to individuals and corporations. Its large capital and surplus and the character of the management assure strength and also the ability to render efficient service.

The National Bank of Rochester is an authorized depository for funds of the United States Government, the State of New York, County of Monroe and City of Rochester, and is a designated depository for state banks and trust companies.

Officers of the bank are: President, Eugene Satterlee; vice-presidents, Walter B. Duffy, Granger A. Hollister, Edward Bausch; cashier, Peter A. Vay; assistant cashiers, William B. Farnham and Edward F. Pillow; auditor, Robert Bannard.

PETER A. VAY.
Cashier National Bank of Rochester.

Directors: Eugene Satterlee, president; Walter B. Duffy, president New York & Kentucky Co.; Granger A. Hollister, vice-president Rochester Railway & Light Co.; Edward Bausch, vice-president Bausch & Lomb Optical Co.; George W. Aldridge, State Railroad Commission; Charles H. Babcock, H. H. Babcock & Co., coal; William F. Balkam. president The Menihan Co., shoe manufacturers; William C. Barry, Ellwanger & Barry, nurserymen; E. Frank Brewster, Brewster, Gordon & Co., wholesale grocers; Edgar N. Curtice, president Curtice Bros. Co.; H. Wheeler Davis, J. G. Davis Milling Co.; George L. Eaton, secretary Rochester & Pittsburg Coal & Iron Co.; Gustav Erbe, treasurer Yawman

NATIONAL BANK OF ROCHESTER.—Ladies' Room.

& Erbe Manufacturing Co.; John J. L. Friederich, A. Friederich & Sons Co., mason contractors; Jacob Gerling, president Gerling Brothers Milling Co.; Louis Griesheimer, Union Clothing Co.; Mathias Kondolf, president Bartholomay and Genesee Brewing Cos.; Edward W. Peck, secretary Co-Operative Foundry Co.; James Breck Perkins, Perkins, Duffy & McLean, attorneys and counselors; Frank Ritter, Ritter Dental Manufacturing Co.; Lewis P. Ross, boots and shoes at wholesale; Frank A. Stecher, president Stecher Lithographic Co.; Albrecht Vogt, president Vogt Manufacturing & Coach Lace Co.; Charles W. Weis, secretary and treasurer Rochester Carting Co.

MANUFACTURERS NATIONAL BANK, RACINE, WIS.

WITH surplus and undivided profits of $292,689.53, as shown by the report to the Comptroller of the Currency on May 20, the Manufacturers National Bank of Racine, Wis., ranks among the strongest banks in the United States. It was established thirty-six years ago by Jerome I. Case, Massena B. Erskine, Stephen Bull and Robert H. Baker--men who were instrumental in making Racine one of the greatest manufacturing towns in the Northwest in proportion to population. Mr. Case was president from the organization of the bank in 1871 to his death in 1891. He was succeeded by Mr. Erskine, who held the office until his death in 1894. The next president was Stephen Bull, who served until 1904, when he retired from business, Ernst J. Hueffner, the vice-president, taking his place at the head of the institution with which he had been connected from its organization. B. B. Northrop, the cashier, has also been in the service of the bank continuously from its establishment in 1871 until the present time—a period of thirty-six years.

The statement of the Manufacturers National Bank, made to the Comptroller on May 20, is as follows:

RESOURCES.

Loans and discounts		$1,509,166.77
Overdrafts		5,431.05
U. S. bonds at Washington to secure circulation		50,000.00
City, county and railway bonds		604,931.45
Banking house, 440 Main street		37,165.55
Other real estate owned		1,700.00
Due from United States Treasurer, 5 per cent. redemption fund		2,500.00
Due from nat'l and state banks	$469,371.27	
Cash on hand in vault	173,441.19	
		642,812.46
Total		$2,853,707.28

LIABILITIES.

Capital stock		$250,000.00
Surplus fund, 80 per cent. of capital		200,000.00
Undivided profits, less expenses and taxes paid		92,689.53
Circulating notes outstanding		50,000.00
Individual deposits	$532,298.69	
Certificates of deposit and savings accounts	1,671,725.56	
Due banks and bankers	27,738.27	
Certified checks	630.23	
		2,232,392.75
Liabilities other than those above stated		28,625.00
Total		$2,853,707.28

Recently the building which the bank has owned and occupied ever since its organization has been completely remodelled, in fact practically rebuilt. The entire first and second stories of the building together with the old vault were torn out and iron and plate glass put in upon the south and east sides of the building with new windows and cornices. Four vaults were built, including one in the basement for the storage of completed ledgers and other books which may be needed for reference. On the first or main floor is the banking office with a book vault and a money vault. On the mezzanine floor is a safety deposit vault holding over 1,000 steel boxes with booths and other conveniences for customers, reached by an easy stairway and affording complete privacy. The second story is occupied by rooms for the directors and standing committees of the bank. The money and safety deposit vaults are marvels of solidity and strength, being built of steel rails interlocked and bolted. Upon the inside is also another heavy steel lining. The outer vault doors are massive structures of chrome steel some eight inches or more in thickness and the whole forming a fire and burglar proof protection as strong as it is possible to build.

The location of the bank is one of the most prominent and central in Racine, and the improvements above noted give the institution a home in keeping with its age, strength and character, and also afford ample conveniences for the growth of business.

The officers and directors of the bank are:

President, E. J. Hueffner; vice-president, Thos. M. Kearney; cashier, B. B. Northrop; assistant cashier, E. C. Hueffner. Directors: William H. Bell, public administrator for Racine county, and member of Assembly; David H. Fleet, lawyer, ex-judge municipal court; August C. Frank, retired manufacturer; Alexander J. Horlick, vice-president Horlick's Malted Milk Co.; Ernst J. Hueffner, wholesale dealer in hides and leather; Thomas M. Kearney, attorney, law firm, Kearney, Thompson & Myers; Frank J. Miller, treasurer J. Miller Co., manufacturers of boots and shoes: Byron B. Northrop, treasurer Racine Commandery No. 7 Knights Templar; William Van Arsdale, manufacturer of saddlery hardware.

A NEW BANKING FIRM.

GEORGE A. EYER recently resigned from the well-known firm of Fisk & Robinson to establish the firm of Eyer & Company, of 37 Wall street, New York city.

Mr. Eyer received an engineering and technical education at the Columbia School of Mines, New York city, and for a number of years followed the profession of a civil engineer in the Western States, Cuba and Europe. While thus engaged he acquired a wide practical knowledge of the physical conditions of properties through actual construction work on industrial plants and in connection with public service corporations, railroads, etc., and as a result of this training he enters the financial field fully equipped to determine the physical values of properties upon which securities are based.

For a year and a half Mr. Eyer represented a syndicate of American capitalists in France and Belgium in the examination of different chemical plants, and carried on business and financial negotiations of an important nature.

His training in the engineering field has been supplemented by a knowledge of sound principles of finance, and the details of the investment banking business gained through association with the well-known firm of Fisk & Robinson, of New York.

The new firm of Eyer & Company will conduct a general bond and investment business, and enters upon its career with every prospect of success.

BANKING PUBLICITY

SOME REMARKS ON ADVERTISING.

BY HARRISON S. COLBURN,

TRUST OFFICER FLATBUSH TRUST COMPANY, BROOKLYN, N. Y.

ADVERTISING is an appeal for business. It is salesmanship where the printed page, poster or letter is used instead of oral personal solicitation; its purpose is to persuade—to create business.

It follows that the same psychological reactions in the mind of the prospective customer must be sought as in personal salesmanship. The same individualism may be injected into advertising as into the personal interview, but the advertising manager talks to hundreds while the salesman talks only to a few.

If the advertiser's plea is unsuccessful one day he may come back the next and the next. New propositions are forced upon the prospective customer at most unexpected moments; through daily papers and car posters as the train carries him to business; through the daily correspondence; through the trade periodical, and so on until the weary business man seeks rest in the quiet of his own home. Even then the appeal continues through the magazines and illustrated weeklies which he peruses for rest and diversion. Thus the advertiser has constant entree where no salesman would be tolerated, and even the most intimate friend would be forbidden to discuss business matters.

That advertising may become a successful competitor of the individual salesman may be seen in the fact that a number of the largest manufacturers of foodstuffs and clothing depend almost entirely upon it for the sale of their goods, and even cut down the margin of profit to the retail dealer on the theory that general advertising sells the goods and that the retail store is but the delivery station.

Someone has well said that "advertising should contain little black matter, more white matter, but a great deal of gray matter." It is pathetic to see how some advertisers crowd their space in order to economize, not realizing that less text, more display and selected material will "pull" infinitely more.

In salesmanship the whole secret is to persuade the prospective customer that an article is desirable and worthy of acquisition. In advertising the same is true. The approach should be carefully planned and the uninterested should be compelled to take notice. Inertia and indifference are common traits—hence the endeavor should be to overcome these tendencies in the first instance. The majority of people "read as they run," and unless they are given a complete thought in the first line, the advertisement will probably not be read. The initial attack must be a success. Once having the attention, any amount of terse but strongly written matter can be interposed.

Successful advertising is but applied psychology and is an appeal to the senses, emotions and intellect. In advertising a food delicacy, the appeal should be made to the sense of taste until the mouth fairly waters from the luscious flavor; when a perfume is advertised the sense of smell should be appealed to, until the reader actually smells the aroma. In presenting a musical instrument to the public the interest of music lovers is sought. The "assets of the company" and the "date of organization" are a matter of indifference, but the purity of tone, the ease of action of the instrument and the approval of the eminent artists are of prime importance.

In financial advertising the reader's attention should first be secured, as in general advertising. He must be persuaded that the institution is one of excellent reputation, conservative, but yet modern, and offers unusual facilities for the transaction of business, that money left in its charge is absolutely secure and that it is profitable to do business with the institution.

It is unnecessary to dwell upon the character of financial advertising which has been prevalent in former years. A change is taking place, and the institutions which are adopting progressive methods are securing results.

Financial advertising should be seasonable. Different departments may well be given emphasis in the spring, summer, fall and winter. When people leave the city, the storage and safe deposit department and letters of credit are of natural interest.

It is not unusual to hear the question asked, "How may one test the productive value of an ad?" that is, how can the amount of business that actually accrues from any particular advertisement be measured?

Persons do not generally deposit any large amount of money with a bank, simply because they have read an advertisement in some paper. The growth of deposits is more the result of the creating of an accumulative sentiment in favor of the institution, unless convenience is the primary motive. It is, therefore, somewhat difficult to obtain any exact measure of value of general financial advertising. Where specific features are advertised, such as the savings bank department, four per cent. money, safe deposit, storage or certificate of deposit, the usual mercantile methods of keying 'ads' can be more or less relied upon as an index of its business value. Such devices as: slightly changed street numbers in the advertising to be noted in replies, or the request for the application of catalogue bearing some particular title, are more or less familiar to the public. In advertising "banking by mail," it is comparatively easy to measure the commercial value of an ad.

Unquestionably the cost of much advertising must be charged to that indeterminate asset known as "good will." A general impression of security, confidence and prosperity is cumulative in value, and is sure to bring business.

Newspaper publicity is seasonable at all times. Financial institutions too frequently neglect the composition entering into this class of advertising, and seem to think as long as they have a card inserted with a list of directors, capital, surplus and deposits, that they are bound to reap business.

Some banks and trust companies, however, appreciate the value of frequent changes in text as well as in position, and instead of having a stereotyped card in with a dozen other similar notices of competing institutions, prefer to pay an increased rate and locate their advertisement where it is more likely to be seen. Possibly there may be fewer insertions and less space, but if they attract attention they are worth more than any number of the ordinary timeworn "classics." Some of the best advertising of the mercantile houses is confined to an inch or two of single-column space inserted every few days in good position.

Banks have made little use of bill-board advertising, possibly because of the expense or a tradition against mercantile methods. Bill-boards, however, may be used to advantage if the psychological methods referred to are carefully followed. They must be aesthetic and well executed.

It is not infrequent for good advertisers to spend more in the preparation of a poster than is paid for some of the valuable paintings imported into this country. Such design should be executed by an able commercial artist.

Some banks have found street car posters of value. One institution is reported to have placed a $5,000 contract of this kind, and renewed it for $12,000, stating that they had received enough new business from the first contract to cover the expense of the second.

Local society, church and theatre programmes may be of value to suburban banks. Electrotypes should generally be used, and thus save proofreading and inartistic typesetting. Electrotypes are inexpensive and of course should be frequently changed.

A flag prominently displayed is calculated to attract attention. A number of banks have spent considerable on booklets giving local history, especially in historic neighborhoods.

Other banking institutions have made a feature of issuing special booklets, giving advance information on current business topics and furnishing data relative to new laws enacted by state legislatures and Congress. Noteworthy among this class of literature is the material which has been distributed by New York trust companies relative to modifications in the mortgage tax law.

Shortly after the San Francisco disaster, one trust company issued a fire insurance inventory book of special design—made to fit a $5 safe deposit box. A letter was addressed to the people of the community, offering them free upon application. The aim was to increase the safe deposit business and generally advertise the company.

A canister fired at random into the forest does not lay low game, but the carefully aimed shot makes possible the trophies of the chase. The present awakening in advertising methods among banks is significant. The attention which is now being given to the expenditure of the advertising budget, to the preparation of material for advertising, its location and display, to the following up of prospective new business and the success which results from such is indicative that, other things being equal, growth is bound to attend the efforts thus put forth. The day has passed when financial institutions can relax effort and expect to develop. "Eternal vigilance is the price of liberty;" everlasting hustle is essential to growth.

BOOK REVIEWS

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

STANDARDS OF PUBLIC MORALITY. By Arthur Twining Hadley, President of Yale University. (American Social Progress Series; price, $1.00.) New York: The Macmillan Company.

At a time when the ethics of business are being studied as never before, President Hadley's definitions of ethical standards will be most welcome.

He declares at the outset that there is a strange contrast between our standards of private and public morality. In private life the American, on the average, is not a bad sort of fellow; in business or politics, on the other hand, he is capable of doing almost anything to succeed. President Hadley explains this duality of character by stating that men have lived long enough to learn the evil results of bad conduct in their private relations, but that the modern business system is so complex and of such comparatively recent origin that we do not yet know what virtues are needed for its maintenance.

In the chapter relating to "The Ethics of Corporate Management," the author cites the influence of Charles Francis Adams, when at the head of the Massachusetts Railroad Commission, simply by the exercise of common sense. We are now relying on legislative regulation to correct the evils of railway management—a course to which we have been impelled by the lack of common sense of the part of some of the financial managers of the railway corporations. President Hadley warns the managers of the large industrial corporations that if there is not a voluntary development of their sense of trusteeship, either increased legal regulation or government ownership of monopolies may be expected.

There is perhaps no feature in our political organization more menacing than that which permits the party boss to control nominations. Of this matter President Hadley says:

"If a man gets the power to control nominations both for the executive and the legislature, he can furnish government of the kind he wants, good or bad."

Usually the political boss furnishes the kind of government that will benefit him and his supporters without much regard for the general welfare. The remedy is to restore the political machinery to the control of the people by a system of direct nominations.

President Hadley has performed a valuable public service by his clear definitions of the standards of public morality, and he has outlined, unmistakably, what those standards are to be in the future.

We quote his closing plea—a most timely one—for obedience to law:

"When any nation looks upon law as a thing which the individual may use when it suits him, that nation is losing the main bulwarks of social order. To any man, whatever his position in the state, it has become the paramount political duty to defend the sacredness of law, not only against the active assaults which threaten to overthrow it, but against the more subtle and dangerous attacks of a selfish philosophy which works to undermine it. He must regard, and must persuade others to regard, liberty, and the privileges which go with it as trusts to be used only in the public interest, and in behalf of the nation as a whole."

"HOW TO INVEST MONEY."

WITH the growing tendency of banks to invest their surplus funds in securities, the question of how to make such investments is one of increasing importance. The large city banks and trust companies have, many of them, well equipped departments for making a thorough study of securities, and are well able to give information that is of great value to banks and investors generally. The multiplication of investment securities alone enhances the difficulty of making a wise selection in the absence of expert advice.

Under the title of "How to Invest Money," the bond department of the Guaranty Trust Company of New York has issued a pamphlet that fully discusses the relative advantages of various classes of securities that are proper investments for banks and other institutions desiring high-grade securities.

This pamphlet is of a character that not only reflects credit upon the institution issuing it, but contains much practical and helpful information for the use of bankers and investors.

INTERESTING AND INSTRUCTIVE.

WILLARD C. BODGE, of Waltham, Mass., writes under date of June 11:

"Enclosed find draft on the Chase National Bank of New York city for $5, for which kindly renew my subscription to THE BANKERS' MAGAZINE for another year.

During the past year I have found it both interesting and instructive, and have noticed with pleasure the improvements which have been made during that time."

MONEY, TRADE AND INVESTMENTS

New York, July 1, 1907.

A Dull and Lower Stock Market, gold exports and dearer money, made the month of June a trying one for financial interests. A general condition rather than particular events controlled the situation. Gold exports began in the latter part of May and continued from time to time during all of June, with the net result of $24,800,000 gold being shipped abroad since May 27, of which $22,050,000 went to France and the remainder to England. At the close of the month there were reports that the Bank of France had about satisfied its wants, and the movement might not be continued.

One factor in the cessation of the gold-export movement began to make itself manifest late in the month—a sharp rise in rates for money. On June 27 call money advanced to 6 per cent., the highest rate reached in three months, but on the last business day of the month the rate was up to 12 per cent. With the surplus of the New York banks down to $2,500,000 at the close of the month, the explanation of the sudden flurry in money is not far to find.

There has been a disposition in some quarters to hold the Treasury Department responsible to some extent for the hardening of money. On June 12 the Secretary of the Treasury announced that in order to provide for the redemption of the outstanding four per cent. bonds of 1907 on July 1 he would require the depositary banks to return to the Treasury on or before July 10 the $30,000,000 of Government deposits which they received on September 27, 1906.

Although these deposits are distributed among the banks in various parts of the country, it is believed that upon the New York banks mainly will fall the burden of meeting the Secretary's requirement, as out-of-town banks having money deposited in New York will call upon the banks in this city for funds to replace the withdrawn Government deposits.

Outside of the gold-export movement there seems to be no reason for anticipating any protracted stringency in money. July 1 is the date when extraordinary disbursements on account of interest and dividends are made, and for a time naturally a disturbance in the money market is caused. This year it is estimated that the July dividend and interest disbursements will amount to more than $182,000,000, as compared with $164,000,000 a year ago. The Government will also disburse about $36,000,000 for the four per cent. bonds maturing on July 1 which have not been refunded. When these large sums have found final lodgment in the bank deposits of their legitimate owners, the effect will ordinarily be favorable, and the money market ought to show signs of renewed ease.

In both the stock and bond market there is extraordinary apathy and for even the best securities there appears to be no investment demand. That the public are not in the stock market is the complaint heard in nearly every broker's office. On the other hand, bond houses are unable to sell bonds at prices which yield to investors a far larger rate of income than a few years ago anyone thought it possible to get upon a safe investment.

No more striking illustration of a condition was ever afforded than the failure of New York city to place a four per cent. issue of bonds last month. The bonds were made as attractive as possible for the investor; they were to be issued as coupon bonds, interchangeable for registered bonds, were exempt from taxation, and had fifty years to run. The city offered $27,000,000 of these bonds and received bids for less than $2,000,000, while the average price was only 100.091, making the income basis about 3.994 per cent. For an issue of $2,000,000 ten-year bonds there were only $189,000 bids at par to 100.10.

It was not until February, 1906, that the city of New York issued a 4 per cent. bond. For years prior to that date it had placed 3½ per cent. bonds, and in 1900 got as high as 111 for them. In January, 1901, it sold an issue of 3 per cent. bonds at about 101.50, yielding less than 2.94 per cent. to the investor. Appended is a record of the bond sales of the city since January, 1900. In it may be traced the decline that has been taking place in bond prices during the last four years.

New York City Bond Issues.

	Amount.	*Rate of Interest.*	*Yield.*	*Aggregate Bids.*
January 23, 1900	$5,568,483	3½	3.08	$34,468,419
March 22, "	4,690,000	3½	3.02	25,185,000
June 25, "	3,135,000	3½	3.04	15,592,000
October 15, "	4,500,000	3½	3.07	22,965,000
November 20, "	5,333,965	3½	3.02	25,258,860
December 26, "	3,555,000	3½	2.98	23,665,000
January 30, 1901	3,125,000	3	2.937	12,743,000
March 25, "	2,500,000	3½	3.085	7,655,000
May 14, "	5,885,000	3½	3.292	12,565,000
June 17, "	3,057,125	3½	3.22	8,294,251
September 16, "	3,000,000	3½	3.368	12,705,000
October 29, "	3,600,000	3½	3.178	39,845,000
December 12, "	7,891,000	3½	3.222	41,185,000
February 18, 1902	8,000,000	3½	3.194	25,790,810
May 6, "	4,993,000	3½	3.233	2 ,320,210
June 26, "	4,667,000	3½	3.28	16,258,880
November 11, "	7,500,000	3½	3.245	41,000,000
January 22, 1903	7,000,000	3½	3.312	29,663,470
March 5, "	2,500,000	3½	3.32	18,497,440
April 9, "	2,500,000	3½	3.364	10,681,750
May 12, "	3,000,000	3½	3.32	30,185,200
July 22, "	3,500,000	3½	3.418	8,107,600
November 19, "	7,500,000	3½	3.456	25,581,090
January 20, 1904	10,000,000	3½	3.49	37,227,810
March 24, "	3,000,000	3½	3.495	8,362,200
May 3, "	37,000,000	3½	3.461 3.485	126,071,950
November 23, "	25,000,000	3½	3.40	158,289,640
April 24, 1905	25,000,000	3½	3.47 3.49	88,917,800
November 23, "	12,500,000	3½	3.4997	13,408,710
February 15, 1906	20,000,000	4	3.65	66,486,950
July 25, "	12,500,000	4	3.94	19,127,400
November 2, "	4,500,000	4	3.91	44,700,810
December 14, "	8,000,000	4	3.93	
" " "	800,000	4	3.95	88,818,460
" " "	1,500,000	4	3.98	
February 1, 1907	26,000,000	4	3.98	
" " "	511,000	4	3.98	88,569,535
" " "	1,075,000	4	3.997	
June 28, "	27,000,000	4	3.994	1,982,840
" " "	2,000,000	4	3.997	189,000

In 1900 the city was selling its bonds upon a basis a little above 3 per cent. In 1902 the basis was raised to 3¼ per cent., while in the last two years it has been practically 4 per cent., and now the city has failed to sell its bonds even on that basis.

But the causes which have forced a decline in the price of New York city bonds are not peculiar to that corporation. All classes of bonds are now selling much below the prices at which they ruled a few years ago. Whatever may be the reason, investors are not attracted by 4 per cent. as a return upon their investment. The decline which has taken place in the last five years in securities of recognized value has caused a heavy depreciation in the value of the assets of all financial institutions. Herewith is a list of a number of railroad bonds, showing the decline which has occurred since 1901 and 1902:

	Amount Outstanding.	*Highest price in 1901 or 1902.*	*Present Price.*	*Decline.*	*Total Depreciation.*
Atchison general 4's............1995	$146,000,000	105¾	98⅜	7⅜	$10,767,500
Central Pacific 1st 4's...........1949	82,000,000	104	95⅛	8⅞	7,277,500
Central New Jersey 5's.........1987	45,000,000	141	124	17	7,650,000
Chesapeake & Ohio 4½'s........1992	42,000,000	110¼	100	10¼	4,305,000
Chic., Bur. & Q. Ill. Div. 3½'s..1949	50,000,000	104¼	89	15¼	7,625,000
" " col. tr. 4's...........1921	107,000,000	101	94¾	6¼	6,687,500
Chic. R. I. & Pac. gen. 4's.......1988	61,000,000	113⅛	100½	12⅝	7,701,250
Lake Shore 1st 3½'s.............1997	50,000,000	111¼	91½	19¾	9,875,000
" " col. tr. 3½'s 1998	90,000,000	99	81½	17½	15,750,000
Mo., Kan. & Tex. 1st 4's 1990	40,000,000	101½	95	6½	2,600,000
New York Central 3½'s.........1997	85,000,000	110¾	91½	19¼	16,362,500
Norfolk & Western 1st 4's......1996	40,000,000	104½	93½	11	4,400,000
Nor. Pacific prior lien 4's 1997	103,000,000	106¼	101	5¼	5,407,500
" " gen. lien 3's........2047	60,000,000	75⅝	70	5⅝	3,225,000
Reading gen. mtg. 4's 1997	70,000,000	101	97	4	2,800,000
St. Louis. I. M. & S. gen. 5's....1931	37,000,000	120	110	10	3,700,000
Southern Pacific col. tr. 4's....1949	30,000,000	98	88¼	9¾	2,925,000
Southern Ry. 1st 5's.............1994	46,000,000	124½	107⅝	16⅞	7,762,500
Union Pacific 1st 4's 1947	100,000,000	107¼	101⅜	5⅞	5,875,000
Wabash 1st 5's 1939	33,000,000	121	107	14	4,620,000
West Shore 1st 4's 2361	50,000,000	116	104½	11½	5,750,000

It will be seen that some general cause has operated to lower the market value of securities, and bonds of every class have felt its influence. In seeking the cause attention has been directed to the large increase in the supply of gold and the possible decline in the value of money. Estimates of the world's production of gold in 1906, recently published, have invited discussion as to the influence of the increased supply of gold upon prices and the stimulation of industrial activity. It is estimated that $405,000,000 of gold was produced in the world in 1906, of which over $96,000,000 came from the mines of the United States. For these figures there is no parallel in any of the records in the world's previous history. It was nearly sixty years ago that the gold discoveries in California not only caused an enormous increase in the supply of that metal, but for a while excited apprehension that gold would become so cheap that its usefulness as a money standard would be impaired. During that period, however, the annual output of gold in the United States never went above $65,000,000, while the maximum production in the world was only $155,000,000. It was in 1853 that these records were made, and it was not until 1893 that the world's record went above that figure, and not until 1899 that the United States produced more gold in a single year than it did in 1853.

In 1906 the world's output was $250,000,000 more than in 1853, while the yield in the United States was $31,000,000 more than in that year. During the past ten years the mines of the United States have produced $769,000,000 of gold, and the world's output has been $3,096,000,000. A comparison of the yield in the last decade with that of the one immediately preceding is shown in the following table:

PRODUCTION OF GOLD.

	World.	*United States.*		*World.*	*United States*
1887	$105,774,900	$33,136,0.0	1897	$236,073,700	$57,363,000
1888	110,196,900	33,167,500	1898	286,879,700	64,463,000
1889	123,489,300	32,967,000	1899	306,724,100	71,053,400
1890	118,848,700	32,845,000	1900	254,576,300	79,171,000
1891	130,650,000	33 175,000	1901	260,992,900	78,666,700
1892	146,651,500	33,015,000	1902	296,737,600	80,000,000
1893	157,494,800	35,955,000	1903	325,961,500	73 591,700
1894	181,175,600	39,500,000	1904	347,150,700	80,723,200
1895	199,304,100	46,610,000	1905	376,289,200	88,180,700
1896	202,251,600	53,088,000	1906	405,000,000	96,101,400
Total 10 years	$1,475,837,300	$373,458,500	*Total 10 years*	$3,096,385,700	$769,314,100

The increase in the world's production in the last ten years, as compared with the previous ten years is $1,620,000,000, of which nearly $396,000,000 came from the United States. The supply of gold, however, has been increasing almost continuously since 1883, when the output in this country was only $30,000,000 and for the world only about $95,000,000. Even in the ten years ended 1896 the world's production of gold was larger than in any previous similar period. The following table, showing the production of gold by decades since 1800, brings out more clearly the extraordinary increase which has taken place in recent years.

GOLD PRODUCTION BY DECADES.

	World.	*United States.*
1801-1810	$118,152,000	
1811-1820	76,063,000	$20,000,000
1821-1830	94,479,000	
1831-1840	184,841,000	
1841-1850	363,928,000	104,500,000
1851-1860	1,332,981,000	551,000,000
1861-1870	1,263,015,000	474,250,000
1871-1880	1,150,814,000	395,391,800
1881-1890	1,060,056,000	326,785,500
1891-1900	2,101,241,400	513,398,400

Prior to 1851 the world's production of gold did not reach $400,000,000 in a single decade, a total which the United States alone is now doubling. From 1851 to 1860 the total was $1,332,000,000 and from 1881 to 1890 it was only $1,060,000,000. In the ten years ended 1900 the output reached $2,101,000,000, while in the six years that have since elapsed there has been added to the supply $2,012,000,000, with the prospect that the total for the full decade will reach nearly $4,000,000,000.

That so large an addition to the supply of gold, most of it becoming a part of the money in use, must have an important influence in the business and financial world is an irresistable conclusion.

Reports as to the condition of the wheat crop have taken a more favorable tone. The Government report as of June 1 made the average condition of winter wheat 77.4, as compared with 82.7 a year ago, and of spring wheat 88.7, compared with 93.4 last year. The probable yield, based on the estimates of acreage and condition, is 379,782,000 bushels of winter wheat and 255,192,000 bushels of spring wheat, a total of 634,974,000 bushels. This is by no means a small crop. It is only 78,000,000 bushels less than the indicated yield a year ago and only 100,000,000 bushels less than the actual crop harvested in 1906. It is within 58,000,000 bushels of the 1905 crop and 82,000,000 bushels larger than the 1904 crop.

The cotton crop presents unfavorable features, although there may yet be improvement. The Government estimated the acreage on May 25 at 32,060,000 acres, which compares with 32,049,000 acres last year. The condition is 70.5 per cent., as compared with 84.6 per cent. in 1906 and 77.2 per cent. in 1905, the condition in the lowest reported for May in any year. Estimates as to the probable yield vary from 11,500,000 to 12,000,000 bales; last year's yield was 13,500,000 bales.

The foreign trade returns for May showed so small a balance of exports that they at once attracted attention. The total exports were not small, as they exceeded $134,600,000, the largest ever recorded for the month of May, and $4,000,000 larger than in May, 1906. But the imports were of extraordinary volume, aggregating $126,600,000, or nearly $21,700,000 more than in 1906 and $40,000,000 more than in 1904. The excess of exports over imports was only $8,001,002, which comes near being the smallest balance reported for any month in ten years.

It is a fact without parallel in the previous history of our foreign trade that for ten years, lacking one month, the exports have exceeded the imports in every month. Only three times in all that period has the monthly balance fallen as low as that of May this year. In August, 1903, the net exports were $7,396,003; in August, 1904, $4,516,013, and in February, 1905, $3,786,369. There is a possibility that owing to the small export movement in cotton the month just closed will show an excess of imports. In that case it will be the first import balance since June, 1897. In the nine years and eleven months since that time the balance of exports has amounted to $5,036,307,435, or an average of more than $42,000,000 per month.

For the eleven months of the fiscal year which has just ended, however, the exports have exceeded the imports by nearly $421,000,000. This is $72,000,000 less than for the corresponding period in 1906, but $50,000,000 more than in 1905. For the full year the balance will be the smallest in ten years excepting for the years 1903 and 1905.

An investigation made by the Department of Commerce and Labor throws an interesting light on the relation of our wheat crops to our export trade. It is estimated that our exports of wheat and flour in the fiscal year ended June 30, 1907, amounted to 140,000,000 bushels, as against 98,000,000 bushels in 1906 and 44,000,000 bushels in 1905. The increase in the last year, the Department notes, is the natural sequence of the large crop of 1906. After the high crop of 1901, amounting to over 748,000,000 bushels, there was a continued decrease in wheat production until 1904, when it was only 552,000,000 bushels.

Wheat exports in the same time decreased from 235,000,000 bushels in the fiscal year 1902 to 44,000,000 bushels in 1905. The high crop of 1905 (693,000,000 bushels) and the still larger crop of 1906 (735,000,000 bushels) caused the increase in exports above noted. There is, however, a constantly decreasing proportion of the wheat crop exported. Last year it was 19 per cent., while in 1898 it was over 40 per cent.

A failure in the steel trade last month caused more or less discussion of the prospects of that industry. The firm of Milliken Bros., structural steel manufacturers, on June 10 filed a petition in bankruptcy, with liabilities estimated at $6,500,000. The firm was embarrassed by lack of capital for increasing their plant and the high cost of labor and material. It is believed that the failure has no especial significance and will have no bad effects.

The production of pig iron has not increased to the extent that was expected. In May the production amounted to 2,294,005 tons, the largest total ever recorded. The daily output, however, was only 74,001 tons, as compared with 73,975 tons in April, an increase of only twenty-six tons. The excessive rainfall in May affected the output, which was expected to be much larger, as the furnaces in blast on May 1 had a weekly capacity of 523,912 tons, as compared with 497,456 tons on April 1. On June 1 the weekly capacity had fallen to 522,520 tons, but this is larger than for any other date except May 1.

THE MONEY MARKET.—Rates for money were low until near the close of the month and then advanced sharply, 12 per cent. for call money being recorded on the last business day of the month. Not since 1901 has a rate as high as this been made in June. In that year call money touched 15 per cent. A year ago the highest rate was 6 per cent., but 12 per cent. was touched in the May preceding and 30 per cent. in April. At the close of the month call money ruled at 6@12 per cent., with the majority of loans at 7½ per cent. Banks and trust companies loaned at 2½ per cent. as the minimum. Time money on Stock Exchange collateral is quoted as 4@4½ for sixty to ninety days, 5 per cent. for four months, 5¼@5½ per cent. for five months, 5½@5¾ per cent. for six months, and 5¾@6 per cent. for seven months, on good mixed collateral. For commercial paper the rates are 5½ per cent. for sixty to ninety days' endorsed bills receivable, 5½@6 per cent. for first-class four to six months' single names, and 6@6½ per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	Feb. 1.	*Mar. 1*	*Apr. 1.*	*May 1.*	*June 1.*	*July 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances........	1¾–3½	5¼–6	2¾–5	1¾–2¼	1¾–2½	6 –12
Call loans, banks and trust companies................................	2 –	4 –	3 –	1¾–2	1½–	2½–
Brokers' loans on collateral, 30 to 60 days................................	5¼ – ½	5¼–	6½–	3½ –	2½–3½	4 – ½
Brokers' loans on collateral, 90 days to 4 months........................	5½–	5¼– ⅜	6 –	3¾–4	3¾–4	4½–5
Brokers' loans on collateral, 5 to 7 months..........	5½– ¾	5½– ¾	6 –	4½–	4½– ¾	5¼–7
Commercial paper, endorsed bills receivable, 60 to 90 days............	5¾–6¼	5¾–6	6 – ½	5½–6	5 – ½	5½–
Commercial paper, prime single names, 4 to 6 months..............	5¾–6¼	5¾–6	6 –½	5½–6	5 – ½	5½–6
Commercial paper, good single names, 4 to 6 months..............	6½–	6½–	6¾–7	6 – 7	5½–	6 – 6½

NEW YORK BANKS.—The effect of gold exports last month is seen in the decrease of $21,000,000 in the specie reserves of the New York banks. A gain of nearly $2,000,000 in legal tenders made the net decrease in total reserve about $19,000,000. The reserve is now the lowest since March 30 last, but is about $1,000,000 more than at the end of June last year. Deposits declined each week of the month, the loss since June 1 amounting to $36,000,000. Loans also decreased and are $13,000,000 less than they were a month ago. Compared with a month ago, loans show an increase of nearly $70,000,000 and deposits of $42,000,000. During the entire month the reserves have been low, the surplus falling below $6,000,000 in the first week and reaching $2,509,000 at the end of the month. The surplus reserve is $9,500,000 less than it was a year ago, and is the lowest for the year except on March 9, when it was $2,051,000.

NEW YORK CITY BANKS—CONDITION AT CLOSE OF EACH WEEK.

DATES.	*Loans.*	*Specie.*	*Legal tenders.*	*Deposits.*	*Surplus Reserve.*	*Circulation.*	*Clearings.*
June 1...	$1,139,931,100	$221,928,000	$72,908,100	$1,128,194,600	$12,782,450	$50,628,900	$1,886,695,300
" 8...	1,141,445,400	218,574,200	72,191,700	1,119,141,500	5,980,525	50,565,900	1,635,016,900
" 15...	1,139,755,900	210,056,200	73,026,500	1,114,272,800	4,514,625	50,477,400	1,478,712,600
" 22...	1,134,352,800	208,290,200	74,081,600	1,106,982,000	5,626,600	50,434,600	1,441,629,800
" 29...	1,126,539,100	200,792,500	74,724,700	1,092,031,700	2,509,275	50,407,300	1,485,389,500

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

MONTH.	*1905.*		*1906.*		*1907.*	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February......	1,189,828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,631,100
March.........	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,038,431,800	3,857,650
April..........	1,138,661,300	3,664,575	1,004,290,500	5,181,270	1,019,817,300	13,131,275
May...........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	1,106,183,300	12,346,775
June..........	1,136,477,700	6,050,275	1,036,751,100	6,816,025	1,128,194,600	12,782,450
July...........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	1,092,031,700	2,509,275
August	1,190,744,900	15,306,975	1,060,116,900	18,892,475	....	....
September....	1,166,587,200	5,496,785	1,042,057,200	2,869,400	....	....
October.......	1,080,465,100	7,440,025	1,034,059,000	12,540,350	....	....
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December ...	1,023,882,300	2,565,375	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

NON-MEMBER BANKS—NEW YORK CLEARING-HOUSE.

DATES.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
June 1.....	$117,829,700	$126,665,700	$5,574,000	$6,489,400	$18,925,000	$4,130,100	* $1,547,925
" 8.....	118,872,100	129,578,400	5,662,100	6,727,500	15,727,500	4,135,000	* 142,500
" 15....	119,706,800	129,179,900	5,739,100	6,879,400	14,400,200	3,740,700	* 1,535,575
" 22.....	119,293,000	126,541,700	5,617,100	6,639,500	12,283,400	3,716,200	* 3,379,225
" 29.....	119,499,600	125,990,000	5,548,700	6,689,000	11,892,500	3,657,600	* 3,709,700

* Deficit.

Boston Banks.

Dates.	Loans.	Deposits.	Specie.	Legal Tenders.	Circulation.	Clearings.
June 1........	$189,323,000	$213,387,000	$16,641,000	$4,123,000	$8,490,000	$117,161,800
" 8........	187,691,000	215,782,000	16,475,000	4,343,000	8,414,000	168,192,300
" 15........	186,320,000	217,165,000	17,648,000	4,545,000	8,239,000	160,734,000
" 22........	187,865,000	214,461,000	17,841,000	4,572,000	8,209,000	141,582,600
" 29........	192,954,000	218,912,000	17,486,000	4,662,000	8,248,000	....

Philadelphia Banks.

Dates.	Loans.	Deposits.	Lawful Money Reserve.	Circulation.	Clearings
June 1..................	$226,647,000	$266,117,000	$60,019,000	$14,055,000	$136,154,100
" 8..................	226,703,000	261,442,000	58,127,000	14,070,000	148,548,800
" 15..................	225,765,000	261,675,000	58,291,000	14,103,000	136,902,400
" 22..................	224,670,000	261,935,000	59,548,000	14,104,000	142,357,800
" 29..................	....	....	....	....	....

Foreign Banks.—The Bank of France gained $22,000,000 gold in June, but still holds $37,000,000 less than it had a year ago. The Bank of England gained $1,500,000 in June, and is still $10,000,000 behind the record of a year ago. The Bank of Germany lost $3,000,000, and is also $10,000,000 poorer in gold than it was in 1906. Russia gained $2,000,000, making a total gain of $40,000,000 for the year.

Gold and Silver in the European Banks.

	May 1, 1907.		June 1, 1907.		July 1, 1907.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England............	£35,757,974	....	£35,237,110	....	£35,544,221	....
France.............	103,634,780	£39,208,552	105,964,857	£39,553,199	110,492,867	£39,695,821
Germany...........	33,692,000	11,231,000	36,930,000	12,310,000	36,210,000	12,097,000
Russia.............	117,391,000	6,125,000	116,071,000	6,295,000	116,437,000	6,582,000
Austria-Hungary..	45,595,000	12,523,000	45,644,000	12,732,000	45,700,000	12,628,000
Spain..............	15,469,000	25,888,000	15,499,000	25,528,000	15,540,000	25,825,000
Italy..............	32,337,000	4,983,100	32,319,000	4,947,000	32,383,000	4,911,700
Netherlands.......	5,184,600	5,667,000	5,329,800	5,599,200	5,357,700	5,747,100
Nat. Belgium......	3,203,333	1,601,667	3,254,000	1,627,000	3,224,333	1,612,000
Sweden............	4,148,000	....	4,145,000	....	4,141,000	....
Totals..........	£396,412,687	£106,727,319	£400,393,767	£108,591,799	£405,109,788	£109,098,621

Foreign Exchange.—The sterling exchange market was strong until the last week of the month and the highest rates for the year were recorded. Both the Bank of France and the Bank of England offered special inducements for the export of gold from New York, and a total of $24,900,000 was shipped since May 28, of which $3,750,000 went to London and $21,150,000 to Paris. Easier money abroad and the higher rates in New York caused a decline in exchange in the last week of the month, which brought it below the gold-exporting point.

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling.		Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
	60 days.	Sight.			
June 1...........	4.8370 @ 4.8380	4.8675 @ 4.8685	4.8725 @ 4.8735	4.83⅜ @ 4.83½	4.82⅝ @ 4.83¾
" 8...........	4.8375 @ 4.8385	4.8700 @ 4.8710	4.8750 @ 4.8755	4.83⅜ @ 4.83½	4.82¾ @ 4.84
" 15...........	4.8370 @ 4.8380	4.8710 @ 4.8715	4.8755 @ 4.8765	4.83⅜ @ 4.83½	4.82¾ @ 4.84⅛
" 22...........	4.8410 @ 4.8415	4.8735 @ 4.8740	4.8800 @ 4.8810	4.83⅝ @ 4.83¾	4.83 @ 4.84⅛
" 29...........	4.8365 @ 4.8375	4.8670 @ 4.8675	4.8760 @ 4.8770	4.83¼ @ 4.83⅜	4.82⅝ @ 4.83⅝

Foreign Exchange—Actual Rates on or about the First of Each Month.

	Mar. 1.	*April 1.*	*May 1.*	*June 1.*	*July 1.*
Sterling Bankers—60 days	4.80⅝– ½	4.78¾– 79	4.83⅛– ¼	4.83¾– ⅞	4.83⅝– ¾
" " Sight	4.84⅝– ¾	4.83⅛– ¼	4.86⅛–	4.86¾– ⅞	4.86⅝– ¾
" " Cables	4.85⅜– ½	4.83⅞– 84	4.86⅜– ½	4.87¼– ⅜	4.87⅝– ¾
" Commercial long	4.80⅛– ¼	4.78¼– ⅜	4.82⅞–83	4.83⅜– ½	4.83¼– ⅜
" Docu'tary for paym't.	4.79⅝– ¾	4.77¾– 9¼	4.82⅝–83	4.82⅝– 3¾	4.82⅝– 3⅝
Paris—Cable transfers	5.20⅝–	5.22½–	5.16⅞–	5.15⅝– 3/16	5.16¼–15⅝
" Bankers' 60 days	5.24⅛–23¾	5.26¼– 25⅝	5.20⅝–20	5.19⅜–18¾	5.20 –19
" Bankers' sight	5.21¼–	5.23⅛–	5.17½–	5.16¼–15⅝	5.16⅞– ¼
Swiss—Bankers' sight	5.20⅝– 1/16	5.24⅜– 3¾	5.18⅛–17⅛	5.16¼–15⅝	5.16⅞–
Berlin—Bankers' 60 days	93⅝– ¾	93⅝– ½	94 7/16– 9/16	94 9/16– 11/16	94 9/16– 11/16
" Bankers' sight	94 7/16– 9/16	94 3/16– ¼	94 11/16– 95	95⅛– 3/16	95⅛– 3/16
Belgium—Bankers' sight	5.22½–21⅞	5.25 – 4⅝	5.18¾–17½	5.18⅛–17½	5.18⅛–
Amsterdam—Bankers' sight	39¾– 13/16	39 13/16– ⅞	40¼–	40¼–	40 5/16– ⅜
Kronors—Bankers' sight	26⅝– ⅞	26⅝– ⅞	26⅝– ⅞	26¾–27	26¾–27
Italian lire—sight	5.21¼–	524⅜– 23¾	5.18¾– ⅛	5.16⅞– ¼	5.15⅝–15

Money Rates Abroad.—The posted rates of discount of the European banks were not changed during the month. Open market rates were higher until late in the month, when discount conditions became easier. Discounts of sixty to ninety-day bills in London at the close of the month were 3⅝ per cent., against 3⅜ per cent. a month ago. The open market rate at Paris was 3⅜ per cent., against 3¼ per cent. a month ago, and at Berlin and Frankfort 4½@4⅝ per cent., against 4⅝ per cent. a month ago.

Bank of England Statement and London Markets.

	Mar. 31, 1907.	*Apr. 30, 1907.*	*May 31, 1907*	*June 30, 1907.*
Circulation (exc. b'k post bills)	£29,260,000	£29,165,000	£28,822,000	£29,209,000
Public deposits	14,916,000	9,288,000	10,689,000	11,019,000
Other deposits	43,046,000	43,005,000	42,352,000	46,874,000
Government securities	15,450,000	15,321,000	15,321,000	15,085,000
Other securities	37,809,000	32,844,000	30,733,000	35,980,000
Reserve of notes and coin	24,187,000	25,042,000	24,864,000	24,784,000
Coin and bullion	34,996,242	35,757,974	35,237,110	35,544,221
Reserve to liabilities	40.95%	45.21%	46.82%	42.75%
Bank rate of discount	5%	4%	4%	4%
Price of Consols (2½ per cents.)	85 11/16	84 15/16	84⅛	84⅛
Price of silver per ounce	30⅝d.	30 7/16d.	30 15/16d.	31d.

Silver.—The market for silver in London was weaker last month, the price declining to 30⅝d. and subsequently recovering to 31d., at which price the market closed, a net advance for the month of 1-16d.

Monthly Range of Silver in London—1905, 1906, 1907.

Month.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.	Month.	1905. High	1905. Low	1906. High	1906. Low.	1907. High	1907. Low.
January	28⅝	27 3/16	30¼	29 11/16	32 7/16	31¼	July	27 5/16	26⅞	30 7/16	29 13/16	....	....
February	28 3/16	27⅝	30 11/16	30⅛	32⅛	31⅛	August	28¼	27⅛	30 13/16	29⅞	....	....
March	27 13/16	25 13/16	30 7/16	29	32 3/16	30⅝	Septemb'r	28¾	28	31¾	30 13/16	....	....
April	26⅝	25 7/16	30 5/16	29⅝	30½	30	October	28 11/16	28⅜	32 5/16	31 11/16	....	....
May	27 5/16	26⅛	31⅝	30 5/16	31⅛	29 15/16	Novemb'r	30 5/16	28 13/16	33⅛	32	....	....
June	27⅛	26¾	31 1/16	29⅝	31 1/16	30⅝	Decemb'r	30 5/16	29⅜	32 5/16	31 5/16	....	....

National Bank Circulation.—The volume of bank circulation was increased $1,848,140 in June, making the increase for the year ended June 30 $42,676,330. Of this increase $37,723,132 is represented by circulation based on Government bonds and $4,953,198 secured by the deposit of lawful money. The circulation now in process of retirement amounts to $48,217,809, or about 8 per cent. of the total circulation. The entire amount of national bank notes outstanding now exceeds $603,000,000.

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	*Asked.*		*Bid.*	*Asked.*
Sovereigns	$4.86	$4.89	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.87	4.90	Mexican 20 pesos	19.50	19.65
Twenty francs	3.86	3.89	Ten guilders	3.95	4.00
Twenty marks	4.76	4.80	Mexican dollars	.52½	.54½
Twenty-five pesetas	4.78	4.82	Peruvian soles	.47½	.50½
Spanish doubloons	15.50	15.65	Chilian pesos	.47½	.50½

Bar silver in London on the first of this month was quoted at 31d. per ounce. New York market for large commercial silver bars, 67¼ @ 68⅝c. Fine silver (Government assay), 67⅜ @ 68¾c. The official price was 67¼c.

National Bank Circulation.

	Mar. 31, 1907.	*Apr. 30, 1907.*	*May 31, 1907.*	*June 30, 1907.*
Total amount outstanding	$597,212,063	$599,913,840	$601,940,550	$603,788,690
Circulation based on U. S. bonds	547,633,063	550,204,771	553,614,574	555,570,881
Circulation secured by lawful money	49,579,000	49,709,069	48,325,976	48,217,809
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	27,471,750	1,290,550	626,750	415,000
Four per cents. of 1925	7,346,900	7,658,900	7,859,400	7,956,900
Three per cents. of 1908-1918	4,460,220	4,272,820	4,362,420	4,817,180
Two per cents. of 1930	493,830,950	523,055,200	527,138,150	528,458,250
Panama Canal 2 per cents	16,828,080	16,921,580	16,950,580	16,795,580
Total	$550,137,900	$553,199,050	$556,937,310	$558,442,910

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $565,600; 4 per cents. of 1925, $5,790,750; 3 per cents. of 1908–1918, $7,602,500; 2 per cents. of 1930, $66,236,400; Panama Canal 2 per cents, $12,858,800; District of Columbia 3.65's, 1924, $1,113,000; Hawaiian Islands bonds, $1,713,000; Philippine loan, $9,644,000; state, city and railroad bonds, $86,990,000; Porto Rico, $730,000; a total of $193,244,050.

Government Revenues and Disbursements.—The June statement of the United States Treasury shows the extraordinary surplus of nearly $22,000,000, as compared with $8,000,000 in May. In June last year there was a surplus of about $20,000,000. For the full fiscal year ended June 30 the receipts exceeded the disbursements by nearly $87,000,000, as compared with $26,000,000 in 1906. The receipts were $70,000,000 more than in the previous year, while the disbursements increased about $10,000,000.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	*June, 1907.*	*Since July 1, 1906.*
Customs	$28,312,448	$333,230,126
Internal revenue	24,512,706	270,309,388
Miscellaneous	9,886,308	61,766,620
Total	$62,711,462	$665,306,134
Excess of receipts	$21,894,579	$86,945,542

Expenditures.

Source.	*June, 1907.*	*Since July 1, 1906.*
Civil and mis	$8,064,276	$124,117,119
War	6,549,567	101,671,881
Navy	8,806,516	97,606,595
Indians	879,288	15,140,292
Pensions	10,584,977	139,290,910
Public works	5,714,718	76,051,271
Interest	217,541	24,482,524
Total	$40,816,883	$578,360,592

United States Public Debt.—The public debt statement for the month of June shows a decrease in the net debt of $16,000,000, the cash balance in the Treasury increasing $11,000,000. The bonded debt was reduced $5,000,000 by the retirement of that amount of 4 per cent. bonds of 1907. There were $36,000,000 of this issue outstanding at the close of the month and they will all be retired in July.

United States Public Debt.

	April 1, 1907.	May 1, 1907.	June 1, 1907.	July 1, 1907.
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent......	$595,942,350	$635,609,050	$615,761,650	$646,250,150
Funded loan of 1907, 4 per cent........	99,830,800	53,500,600	41,752,400	36,126,150
Refunding certificates, 4 per cent......	25,150	23,620	23,370	22,620
Loan of 1925, 4 per cent................	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent........	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent.	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt...........	$908,233,660	$901,568,630	$899,972,780	$894,834,280
Debt on which interest has ceased... ...	1,095,365	1,095,135	1,086,925	1,066,815
Debt bearing no interest:				
Legal tender and old demand notes.....	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct..	49,046,767	48,463,418	47,753,708	47,658,804
Fractional currency.....................	6,864,477	6,864,477	6,864,477	6,863,994
Total non-interest bearing debt......	$402,645,542	$402,062,193	$401,352,483	$401,257,097
Total interest and non-interest debt.	1,311,974,568	1,304,725,959	1,302,412,189	1,297,178,192
Certificates and notes offset by cash in the Treasury:				
Gold certificates........................	652,191,869	672,336,869	681,249,869	678,244,869
Silver certificates.......................	471,673,000	476,150,000	475,734,000	475,777,000
Treasury notes of 1890	6,282,000	6,182,000	6,078,000	5,988,000
Total certificates and notes...........	$1,130,146,869	$1,154,668,869	$1,163,061,869	$1,160,009,869
Aggregate debt	2,442,121,437	2,459,394,828	2,465,474,058	2,457,188,061
Cash in the Treasury:				
Total cash assets	1,648,790,810	1,672,151,086	1,682,641,381	1,688,027,086
Demand liabilities.......................	1,245,922,807	1,270,762,744	1,275,011,716	1,269,445,649
Balance	$402,868,002	$401,388,342	$407,629,664	$418,581,437
Gold reserve.............................	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance........................	252,868,002	251,388,342	257,629,664	268,581,437
Total	$402,868,002	$401,388,342	$407,629,664	$418,581,437
Total debt, less cash in the Treasury.....	909,106,566	903,337,617	894,782,525	878,596,755

Foreign Trade.—The exports of merchandise in May were valued at $134,607,000 and imports at $126,606,000, making the net balance of exports and imports $8,001,000, an exceptionally small amount. A year ago the net exports were over $25,000,000, but an increase in imports this year of nearly $22,000,000, while exports increased only $4,000,000, caused a decline in the balance. Both exports and imports are in larger volume than for any previous corresponding month. For the eleven months of the current fiscal year the exports were $1,742,000,000, an increase over the previous year of $124,000,000, and the imports were $1,322,000,000, an increase of $196,000,000. The net balance of exports was $420,000,000, a decrease of $72,000,000. Gold to the amount of

Exports and Imports of the United States.

Month of May.	Merchandise.			Gold Balance.	Silver Balance.
	Exports.	Imports.	Balance.		
1902..................	$102,321,531	$75,689,087	Exp., $26,632,444	Exp., $471,854	Exp., $1,838,494
1903..................	100,929,591	79,035,137	" 21,894,454	" 18,025,423	" 535,831
1904..................	89,886,925	80,698,161	" 9,188,764	" 32,596,471	" 3,114,653
1905..................	123,793,369	92,525,424	" 31,268,145	Imp., 2,175,573	" 1,684,477
1906..................	130,548,387	104,909,197	" 25,639,190	" 29,188,880	" 1,133,587
1907..................	134,607,330	126,606,328	" 8,001,002	Exp., 1,863,565	" 829,758
Eleven Months.					
1902..................	1,292,478,918	830,205,894	Exp., 462,273,024	Exp., 242,628	Exp., 30,052,923
1903..................	1,324,918,833	943,719,460	" 381,199,373	Imp., 7,631,467	" 20,581,163
1904..................	1,367,602,405	909,930,136	" 457,672,269	" 14,231,693	" 20,045,655
1905..................	1,397,408,180	1,027,065,826	" 370,342,354	Exp., 37,063,232	" 18,975,400
1906..................	1,618,830,517	1,125,782,375	" 493,048,142	Imp., 58,585,451	" 20,668,149
1907..................	1,742,959,210	1,322,005,432	" 420,953,778	" 84,777,587	" 11,975,034

$1,863,000 was exported in May, reducing the net imports for the eleven months to $84,777,000.

Money in Circulation in the United States.—There was a decrease in the money in circulation last month of $25,000,000. Gold exports caused the greater part of the reduction, although the Treasury also absorbed a considerable sum. Gold certificates were reduced $27,000,000, but there was an increase of $3,000,000 in gold coin. Other changes were small.

Money in Circulation in the United States.

	April 1, 1907.	*May 1, 1907.*	*June 1, 1907.*	*July 1, 1907.*
Gold coin	$690,439,279	$691,481,469	$695,680,258	$698,762,929
Silver dollars	82,923,706	82,528,304	82,083,942	81,6.4,518
Subsidiary silver	121,059,583	121,849,701	121,726,527	121,755,976
Gold certificates	610,173,479	630,371,839	630,635,409	602,978,499
Silver certificates	466,962,033	469,829,168	470,459,252	470,875,263
Treasury notes, Act July 14, 1890	6,271,741	6,168,758	6,066,780	5,975,545
United States notes	341,746,454	341,979,242	343,100,193	342,718,692
National bank notes	586,823,643	588,397,549	590,080,208	590,090,835
Total	$2,906,399,868	$2,932,106,025	$2,939,782,569	$2,914,842,256
Population of United States	85,720,000	85,838,000	85,956,000	86,074,000
Circulation per capita	$33.91	$34.16	$34.20	$33.86

Money in the United States Treasury.—The total money in the Treasury was reduced $18,000,000, but outstanding certificates were reduced $28,000,000, and the net cash in the Treasury was thus increased nearly $10,000,000. The net holdings of gold increased $8,000,000.

Money in the United States Treasury.

	April 1, 1907.	*May 1, 1907.*	*June 1, 1907.*	*July 1, 1907.*
Gold coin and bullion	$920,964,471	$926,412,272	$923,456,633	$908,251,713
Silver dollars	485,327,824	485,723,226	486,107,588	486,557,012
Subsidiary silver	7,375,520	8,419,788	9,052,491	8,804,401
United States notes	4,934,562	4,701,774	3,580,823	3,967,824
National bank notes	10,388,420	11,516,291	11,910,842	13,697,855
Total	$1,428,960,797	$1,436,773,851	$1,434,167,877	$1,416,278,505
Certificates and Treasury notes, 1890, outstanding	1,083,407,253	1,106,369,760	1,107,161,441	1,079,324,806
Net cash in Treasury	$345,553,544	$330,403,591	$327,006,436	$336,953,999

Supply of Money in the United States.—A decrease of nearly $15,500,000 in the total stock of money was reported in June. The decrease in gold was $17,000,000, but there was an increase of nearly $2,000,000 in national bank notes.

Supply of Money in the United States.

	April 1, 1907.	*May 1, 1907.*	*June 1, 1907.*	*July 1, 1907.*
Gold coin and bullion	$1,611,873,750	$1,617,893,741	$1,619,186,891	$1,602,014,642
Silver dollars	568,251,530	568,251,530	568,251,530	568,251,530
Subsidiary silver	128,435,058	129,769,489	130,779,018	130,560,377
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	597,212,063	599,913,840	601,940,550	603,788,690
Total	$3,251,953,412	$3,262,509,616	$3,266,789,005	$3,251,296,255

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—Hereafter the Riverside Bank, which has been clearing through the Bank of the Manhattan Company, will clear its checks over its own counters. Although the deposits of this bank have increased in the last six months from $1,800,000 to $2,600,000, the directors have thought that inasmuch as the bank has few down-town accounts, it was unnecessary to continue the clearing-house privilege.

—Messrs. Plympton, Gardiner & Company of New York city issue an attractive descriptive list of railway securities suitable for bank and trust company investments and yielding a very satisfactory return.

—Following their recent annual convention, a number of the bankers of Texas made an excursion to Boston, New York and other Eastern cities. While here they were entertained by the National Park Bank, Hanover National, Oriental, National City, Seaboard and Mercantile National banks.

—The Greenpoint Savings Bank, now located at Manhattan avenue and Noble street, Brooklyn, has accepted plans for a new building in the Greek Doric style of architecture to be constructed of white granite and surmounted by a handsome dome. This bank commenced business in 1869,.and has grown steadily until its deposits now amount to over $5,000,000.

—Messrs. Eyer & Company, the New York banking and investment firm, have issued a circular describing the thirty-year collateral trust five per cent. gold bonds of the Northern Westchester Securities Company. This company owns a large amount of railway and lighting property in Westchester county, including a number of valuable franchises. The circular fully describes these properties, the territory served by the various companies, their present earnings, future prospects, etc. An issue of $600,000 of these bonds is offered at a price to yield about 5.15 per cent. income.

—The Bankers' Trust Company, in its recent report to the State Banking Department, shows deposits of over $25,000,000, and undivided profits $888,500, an increase in the latter item since February 26 of over $60,000, after the disbursement of $40,000 in dividends.

—The first semi-annual dividend on the increased capitalization of the Chase National Bank was recently declared at the annual rate of 6 per cent. Last December a dividend of 400 per cent. was declared by which the capital of the bank was increased from $1,000,000 to $5,000,000. The annual dividend paid on the $1,000,000 capitalization was twenty per cent., and the recent declaration of a three per cent. semi-annual dividend is therefore an increase of one per cent. over the old semi-annual disbursements and of two per cent. in the annual rate.

—Following its custom of dividing among the stockholders the accumulated profits of periods of unusual prosperity, the Fifth Avenue Bank has declared an extra dividend of 150 per cent. in addition to the usual quarterly disbursement of twenty-five per cent. The bank's capital is $100,000, and the regular and extra dividends therefore call for a disbursement of $175,000. Two years ago the bank paid an extra dividend of 120 per cent., and in 1903 an extra dividend of 100 per cent. Since 1891 it has regularly paid 100 per cent. a year.

—The Oriental Bank has declared its regular quarterly dividend of 2½ per cent. and an extra dividend of one per cent. out of earnings in the last three months.

—Pending a trial of certain issues, the merger of the Equitable and Mercantile Trust Companies has been enjoined as a result of a suit brought by a stockholder of the first-named company.

—The reports of the condition of New York city trust companies, in the borough of Manhattan, shows the total stock and bond investments, loans on collaterals, cash on hand, and individual deposits subject to check on June 4, 1907, compared with February 26, 1907, and May 16, 1906, as follows:

	June 4,'07.	Feb. 26, '07.	May 16, '07.
Stk. & bond inv. .	$235,999,513	$219,367,121	$210,174,396
Loans on coll...	575,569,566	593,627,009	568,721,050
Cash on hand.	50,354,267	47,877,890	28,956,042
Individual dep..	654,511,412	646,153,841	616,025,646

The total statement of June 4, 1907, compares as follows with that of February 26, 1907: Stock and bond investments increased $16,632,392, loans on collateral decreased $18,057,443, cash on hand increased $2,476,377, and individual deposits subject to check increased $8,357,571.

Compared with the total statement of May 16, 1906, stock and bond investments increased $25,825,117, loans on collateral increased $6,848,516, cash on hand increased $21,398,225, and individual deposits increased $38,485,766.

—The Thirty-fourth Street National Bank, it is reported, will go into liquidation as a National bank, and will be succeeded by the New Netherlands Bank, a State institution.

—The Carnegie Trust Company's statement at the end of six months of business shows approximate total resources of $8,500,000, of which $6,250,000 represent the deposits of over 1,100 depositors.

—Announcement is made that the Cosmopolitan Bank, near the junction of Westchester and Prospect avenues in the Bronx, has passed to the control of the Bronx Borough Bank interests, located on Tremont avenue. The Cosmopolitan Bank was organized over a year ago with a capital of $100,000, and has deposits aggregating about $200,000. The president is Jesse Lantz, of Mount Vernon.

The Bronx Borough Bank has a capital of $100,000 and an earned surplus of $100,000. Its deposits run over $1,600,000. It was formerly capitalized at $50,000, but recently doubled the amount, all the new stock being taken by the stockholders. C. Adelbert Becker is president.

It is considered probable that changes will be made in the directorate of the Cosmopolitan Bank in order to admit representatives of the new controlling interests.

—On June 12 the directors of the Nassau Bank presented to R. M. Matteson a gold watch and $500 in gold as a reward for fifty years' faithful service. During these fifty years of Mr. Matteson's career an error has never been found in his cash. Every time it has been absolutely correct. In making the presentation Mr. Weed said:

"The directors have learned with great satisfaction that your service has been marked not only by fidelity, but by an unusual degree of care and accuracy, and that there has never been occasion for either censure or correction. Such faithfulness is your greatest reward, and your example should be an inspiration to all your associates. We are thankful to find such a man as yourself in our employ. May the possession of these tokens of regard and friendship ever be to you an inspiration to continue in the path which has marked your service for the past fifty years, and may the memory of this day and these expressions be a satisfaction to you in after years."

—Plans have been filed with Building Superintendent Murphy for remodeling the four-story and basement building of the Fifth National Bank at the southwest corner of Third avenue and Twenty-third street. The two floors above the banking quarters will be made over into offices and the top floor into a flat. George M. Walgrove is the architect.

NEW ENGLAND STATES.

—At the annual convention of the Massachusetts Bankers' Association, held in Boston on June 20, after the annual address of President Francis B. Sears, addresses were made by Congressman Samuel W. McCall and John Perrin, president of the American National Bank, Indianapolis. Mr. Perrin spoke on the bank currency question, and ably advocated a system of notes based on the credit of the issuing banks.

The following officers were elected: President, Francis A. Shove, Malden; vice-president, Joseph W. Stevens, Greenfield; treasurer, Edward H. Lowell, Chelsea. Executive council, for two years, George E. Brock, Boston; for three years, William G. Twing, Holyoke; Walter W. Johnson, Lynn; W. H. Pritchard, North Adams.

—The Dime Savings Bank of Hartford, Conn., recently took possession of its new building, which is described as one of the best equipped bank offices in the city. The Dime Savings Bank was incorporated in 1870 and now has on deposit about $3,000,000 belonging to 12,000 depositors. The officers are: President, P. Henry Woodward; vice-president, W. O. Burr; secretary and treasurer, Robert W. Dwyer.

MIDDLE STATES.

—The new Ossining (N. Y.) National Bank, which opened on June 3, reports $100,000 capital, $39,000 surplus and profits, and $571,687 deposits. George F. Secor is president; H. M. Carpenter, vice-president, and George F. Hoag, cashier. The bank has a substantial and attractive building, and its quarters are fitted up with fire and burglar-proof vaults, and all the other appointments of a modern banking institution.

—Plans have been completed for a new building for the Union National Bank of Scranton, Pa. It will be 25 by 100 feet, and will be constructed of brick and stone and cost about $25,000.

—The Germantown (Pa.) National Bank will have a new two-story granite addition to its building, and extensive alterations will be made in the present structure. The remodeled building will take the place of the old one erected in 1814.

—The 14th annual convention of the New York State Bankers' Association was held at the Hotel Frontenac, Thousand Islands, June 27 and 28. A notable address was delivered by President Elliott C. McDougal, which is reviewed elsewhere in this issue. Addresses were also made by William D. Murphy of New York city, and by Hon. Charles N. Fowler, John R. Van Wormer and S. Wexler, vice-president of the Whitney-Central National Bank, New Orleans, and member of the Currency Commission of the American Bankers' Association.

In addition to the interesting reports and addresses, the entertainment programme was exceptionally attractive, and the convention on the whole was a marked success. The following officers were elected: Charles Elliot Warren, president; E. S. Tefft, vice-president; M. S. Sandford, treasurer; E. O. Eldredge, secretary, and W. T. Henry, assistant secretary.

—New Jersey has enacted a law providing that no person shall engage in the business of transmitting money to foreign lands, or buying or selling foreign money, or receiving money on deposit to be sent abroad, without first obtaining a certificate from the Commissioner of Banking and Insurance, and must also furnish a bond in the sum of $20,000. The law was passed to protect those remitting money abroad from irresponsible persons holding themselves out as "foreign bankers."

—Nathan J. Eyster, who has been connected with the Colonial Trust Company of Pittsburgh, from the time of its organization, was recently elected assistant secretary.

This company in its statement of May 28 reported $11,315,758 deposits, and total resources of $21,645,356.

John S. Wilson is a new director of the company.

—The People's Bank of Somerset County, located at Princess Anne, Md., now occupies its new home, which is built of brick with a granite base, and with Indiana limestone trimmings. The bank is a most substantial structure and is also very handsome. The officers of the bank are: President, Benjamin F. Lankford; cashier, John E. Holland; assistant cashier, Frederick T. Adams.

THE PLAINFIELD TRUST COMPANY
Plainfield, N. J.

—The Plainfield (N. J.) Trust Company celebrated its fifth anniversary on June 4. This institution has experienced a very satisfactory growth, its deposits now amounting to $2,250,000, while the number of depositors is 4,000, or about two in every six of the population. Depositors have received $150,000 in interest, the surplus and undivided profits have been increased to $150,000, and a substantial fireproof building erected wherein every convenience has been provided for both men and women patrons.

The officers of this enterprising company are: President, O. T Waring; vice-president, A. V. Heely; second vice-president, Henry A. McGee; secretary and treasurer, J. Herbert Case; assistant secretary and treasurer, Edward F. Feickert.

—Pennsylvania bankers will hold their annual convention at Pittsburgh September 5 and 6.

—Stockholders of the Commercial and Farmers' National Bank of Baltimore have voted to add $150,000 to the capital of the bank, making the total $650,000.

—Directors of the New York State National Bank, Albany, have declared the regular quarterly dividend of three per cent. This is the same dividend as was paid in the previous quarter, although the bank's capital was doubled within the year.

—Following is a comparative statement of the items contained in the summary of the condition of state banks of New York for June 4, 1907, and May 16, 1906:

RESOURCES.

	June 4, '07.	May 16, '06.
Loans and dis....	$327,163,004	$304,751,955
Liability of directors	10,835,127	9,032,235
Overdrafts	358,677	318,235
Due from trust cos., banks, etc.	47,986,789	47,219,420
Real estate	13,856,026	12,992,715
Mortgages owned	7,207,371	6,558,229
Stocks and bonds	37,964,681	36,453,662
Specie	47,663,346	37,573,792
Legal tenders	23,806,193	21,889,949
Cash items	55,709,615	61,772,158
Other assets	1,411,572	1,344,892
Total	$573,963,013	$539,907,308

LIABILITIES.

Capital	$35,203,000	$31,735,700
Surplus fund	29,969,428	26,740,616
Undivided profits.	14,866,160	13,696,269
Due depositors on demand	418,877,104	399,814,050
Due trust companies, banks, etc.	53,720,611	50,067,141
Due sav'gs banks	19,163,659	16,108,133
Due building and loan assoc'tions	541,296	593,231
Deposits preferred	400,000	150,000
Other liabilities..	1,219,441	1,102,168
Total	$537,963,013	$539,907,308
Number of banks reported	192	189

—At a recent meeting of the Baltimore Clearing-house Association there was passed a resolution to the effect that after July 1 clearing-house banks shall charge non-member banks exchange on all checks presented to them for deposit. In addition, another amendment was passed permitting members to clear for non-members. The association for some time has been working on the problem of a readjustment of the relationship between the clearing-house and non-members, particularly trust companies, and it was claimed by bankers who are members that this action is to the best interest of all concerned.

—The Pittsburgh "Gazette-Times" of July 3 has the following to say of banking activity in that city:

"Nearly $9,000,000 has been put through the clearing-house of Pittsburgh in the past three days by one bank, making a new record for every day, and coupled with this fact comes the announcement that every known record of the clearing-house had also been broken yesterday.

'This certainly ought to put a stop to the talk of business reaction,' said one of the leading bankers of the city.

The total of exchanges at the clearing-house yesterday morning was $13,-315,444.72.

The highest previous mark for one day was $13,239,938.72, on January 3, 1906.

Amounts paid through the clearing-house by individual banks are seldom made public, at least not by the clearing-house association. There was talk on the street yesterday, however, that the Mellon National Bank had that morning made the highest known record for clearings in a single day.

On June 29, the Mellon National Bank took to the clearing-house $2,853,613.07. Checks against the institution amounted to $1,355,813, leaving it a credit of $1,497,800.07.

On July 1 the same bank took to the clearing-house $2,916,157. Amounts against it aggregated $2,014,571, leaving a credit of $901,586.

Yesterday the Mellon National Bank took to the clearing-house $2,948,120.90. Checks against this aggregated $2,421,000, leaving a credit of $527,120.90.

An official of the Mellon bank said yesterday that the spurt in business was due to preparation for the July payments, dividends and bond maturities. All of the principal trust companies, it was explained, have accounts with the Mellon bank, as well as trustees of a large amount of bonds."

—The Farmers and Mechanics' National Bank of Philadelphia shows the following increase of deposits:

Jan. 28, 1907	$13,713,285.84
March 22, 1907	14,627,234.24
May 20, 1907	15,787,481.60

SOUTHERN STATES.

—Virginia bankers held their 14th annual convention at the Auditorium Building on the Jamestown Exposition grounds on June 20, A. B. Schwarzkopf, cashier of the Norfolk National Bank, presiding. Harry St. George Tucker, president of the Exposition Company, delivered an address of welcome to the bankers, which was responded to by Judge John W. Woods, president of the City National Bank of Roanoke.

—The matter of making New Orleans a central reserve city has lately been discussed by the leading bankers there. The city already has a sub-Treasury and a United States Mint. Some division of sentiment exists as to the desirability of becoming a central reserve city. At present there are only three such cities in the country—New York, Chicago and St. Louis,—the banks of these cities being required to keep their reserves entirely in their own vaults, and are not allowed to redeposit any portion of them as may be done by banks in the other reserve cities, and also by what are styled "country banks."

—At a recent meeting of the directors of the Commercial Bank, Brookhaven. Miss., $22,000 was added to the surplus, making the total of that account $100,000, and giving the bank a working capital of $182,000.

This bank was organized in 1887 with $20,000 capital. John McGrath was the first president, and on his death, a few years ago, was succeeded by his son, J. W. McGrath. F. F. Becker has been cashier from the time the bank was organized. L. H. Baggett and N. T. Tull are assistant cashiers.

The large proportion of capital to surplus places the Commercial Bank among the strongest in Mississippi, and indicates that the management is in capable hands.

—The Lowry National Bank, of Atlanta, Ga., has bought the entire banking business of the Trust Company of Georgia and has increased its capital to $800,000, thus becoming the largest bank in Georgia. Its surplus and profits are $680,000, and an extraordinary stock dividend of $180,000, or twenty per cent., was paid on July 1.

New stock has been sold to the extent of $200,000, making the total stock increase $300,000. The trust company will do a strictly trust and investment business.

—The latest figures on banking in Birmingham, Ala., shows nine clearing-house banks with a combined capitalization of $2,300,000, deposits of $20,000,000, and clearings at the rate of $10,000,000 per month, or $120,000,000 per annum. These figures do not include the two Bessemer, two Ensley and North Birmingham banks.

—At the close of business, June 29, the Citizens' Bank and Trust Company of Tampa, Fla., made the following satisfactory statement to the State Comptroller:

Loans and discounts, $1,501,491.37; overdrafts, $3.37; stocks, bonds and securities, $78,662.97; banking-house furniture and fixtures, $30,000.00; due from banks and cash in vaults, $350,795.30.

Capital stock paid in, $200,000.00; surplus and profits earned, $216,369.12; rediscounts, $134,300.00; due depositors, $1,410,283.89; grand total, $1,960,953.01.

At a recent meeting of the directors of the Citizens' Bank and Trust Company it was decided that the earnings of the bank entitled the stockholders to an increase in the dividend rate from eight per cent. per annum to six per cent. semi-annually.

Officers of the bank are: John Trice, president; Ed. M. Hendry, vice-president; C. E. Allen, cashier; D. H. Laney and W. W. Trice, assistant cashiers.

WESTERN STATES.

—On May 20 the Dime Savings Bank of Detroit reported $5,936,397 deposits as compared with $4,509,406 on May 1, 1905. The capital stock of this bank was increased recently from $250,000 to $500,000. It also has a surplus of $257,357.

—The First National Bank of St. Mary's, Ohio, is to have a new brick and stone building, three stories high. The first floor will be occupied by the bank, with two storerooms in the rear. The entire building will be modern and equipped with all the latest devices for insuring convenience and safety.

—At the 17th annual convention of the Ohio Bankers' Association, held at Cincinnati on June 26 and 27, addresses were made by President Thomas H. Wilson, Hon. Milton E. Ailes, formerly Assistant Secretary of the Treasury and now vice-president of the Riggs National Bank of Washington. Mr. Ailes spoke on "The Treasury and the Banks." Former Governor Myron T. Herrick made an address devoted largely to railway securities. Speaking of the disclosures which had been made in regard to railways, he said: "The fact that a few pigs have gotten in the trough is not sufficient reason for poisoning the food on which they fatten."

At the conclusion of the convention, E. Bixby of Ironton, Ohio, was elected president, A. E. Rice of Fremont, vice-president, W. J. Winters of Dayton, treasurer, and S. B. Rankin of South Charleston, secretary.

—The Terre Haute (Ind.) Trust Company, of which I. H. C. Royse is president, has decided to put up a new bank and office building to cost about $150,000.

—The Carthage (Mo.) National Bank will remodel the property which it recently purchased, and adapt it to the requirements of a modern banking institution. The improvements include a new front of brick and stone and interior fittings in accordance with the best standards of taste and convenience. A special feature of the new banking rooms will be a room set apart for the use of the women patrons of the bank.

—The Union National Bank of Indianapolis, Ind., has recently increased its surplus from $6,000 to $25,000, and the capital from $200,000 to $300,000, and deposits from $777,000 to $1,000,000. These additions to the bank's capital, equipment and deposits have taken place since April 1 of the present year, when J. M. McIntosh was elected president. Mr. McIntosh served for eight years as National Bank Examiner for the district comprising Indiana and Kentucky. This bank will shortly enlarge its quarters to double the present size, and will also install new fixtures, safety deposit boxes and modern equipment generally.

—The Franklin (Ind.) National Bank, which has been in business since 1856 in a direct line of succession, is making extensive improvements, and enlarging its quarters to about twice the present size. Besides providing additional room for its growing business the new quarters will be fitted up with modern vaults and other equipment. The present officers of the bank are: President, W. H. LaGrange; vice-president, E. C. Miller; cashier, C. A. Overstreet.

—M. V. Gross, heretofore assistant cashier of the First National Bank of Stevens Point, Wis., has resigned and will locate at Portland, Ore., and engage in the lumber business. He will be succeeded as assistant cashier by C. S. Orthman, who has heretofore been a bookkeeper of the bank.

—As an example of what an American agricultural state is capable of, the following facts in regard to the State of Kansas from a recent issue of the "Wall Street Journal" will be of interest:

Products.	Five Years 1902—1906.
Live stock products	$354,233,321
Corn	319,947,537
Wheat	242,043,178
Hay	68,909,505
Sorghum	50,025,940
Oats	40,625,014

The value of all farm products in 1906 from Kansas alone amounted to $246,905,051, of which there came from crops alone $163,150,189 and from animal products $83,754,862.

But Kansas is not purely agricultural, because nearly $200,000,000 of her income represents the products of manufactures, fully half of which is derived from the meat industry. With excellent grain at hand the flour and grist mills turn out a product of more than $40,000,000 in value. The coal mines of the state have an annual output of upwards of $10,000,000. The salt springs of Kansas produce 2,000,000 barrels of salt each year. The state has 11,100 miles of railroads, whose trade within the limits of the state overtaxes their capacity to handle it.

—According to the report of the State Banking Department there were in the state of Wisconsin on May 20 last, 413 state and mutual savings banks, with resources amounting to $124,609,073.

—Abstract of reports of the state banks in the Territory of Oklahoma at the close of business June 1, 1907, and comparison with report of May 24, 1906:

RESOURCES.

	June 1, 1907.	May 24, 1906.
Loans and disc'nts.	$10,020,473	$8,316,992
Overdrafts	384,373	324,184
Bonds, warrants and securities	367,926	305,128
Bank'g house, furniture and fixtures.	703,682	647,723
Other real estate owned	58,180	66,290
Due from banks....	5,334,658	3,705,996
Exchanges for clearing-house	78,393	......
Checks and other cash items	93,144	202,873
Cash in bank	1,010,330	936,181
Totals	$18,051,162	$14,505,371

LIABILITIES.

Capital stock paid in.	$3,152,200	$2,934,700
Surplus fund	384,313	361,266
Undivided profits...	601,932	480,016
Due to banks.......	290,815	247,429
Individual deposits..	13,329,418	10,273,242
Cashiers' and certified checks	139,789	72,846
Bills payable	70,559	110,880
Notes and bills rediscounted	82,132	24,990
Totals	$18,051,162	$14,505,371
Number of banks..	293	283
Average reserve held	46%	47%

—Wisconsin bankers hold their annual convention at Milwaukee July 24 and 25.

—Detroit will have the convention of the American Institute of Banking on August 22, 23 and 24.

—The First National Bank of Englewood, Ill., declared the regular quarterly dividend of 2½ per cent., payable on July 1. The board has determined to increase the bank's capital stock from $100,000 to $150,000, such new stock to be sold to stockholders of record June 24 at par in the ratio of one share to each two shares of the present holdings.

—The latest statements of the various state banks of Cincinnati show an aggregate capital of $4,597,550; surplus and undivided profits, $5,321,266; cash reserves, $7,018,600; deposits, $50,054,626; loans, $31,206,107; stocks and bonds, $16,545,187.

—According to the recapitulation made by State Auditor McCullough of the reports forwarded by the state banks of Illinois to show their condition as of May 21, the savings deposits were $3,636,000 larger than on March 23 and the individual deposits were up $15,862,000. The total savings May 21 were $194,668,000, and the individual demand deposits $185,391,000. Of the savings the Chicago banks hold about $155,000,000.

Between March 23 and May 21 there was an increase of eleven in the number of state banks in Illinois, the total on the latter date being 389. Their total resources and liabilities were $571,821,000.

—Hon. George E. Roberts, Director of the Mint, was unanimously elected president of the Commercial National Bank, Chicago, at a meeting of the directors of the bank held on July 5.

Mr. Roberts was appointed Director of the Mint at the beginning of President McKinley's administration and has made an excellent record. He attracted the attention of President McKinley by his writings in favor of the gold standard. As an authority on finance and a writer on financial subjects he ranks high.

—The reports of the State Banking Board, issued on July 1, show Nebraska's banks to be in a flourishing condition. During the last year their number has increased by thirty-five. Abstracts of the condition of the incorporated, private and savings banks show the following: Resources, $79,485,947; loans and discounts, $52,943,388; general deposits, $65,302,409.

—Holders of securities in John R. Walsh's three Chicago banks are assured of recovering the book value of their securities. The stockholders have ratified the acts of the directors of the Chicago National, Equitable Trust and Home Savings banks, the holders of 7,650 shares out of 7,780 voting in the affirmative.

The clearing-house committee of the associated banks accepted the securities for the bank's collateral turned over to it to indemnify depositors against loss. John R. Walsh in addition staked his entire fortune in order to obtain this indemnification and finance his future operations as a railroad man.

—N. W. Harris & Co. of New York city have joined with the Harris Trust and Savings Bank and the First National Bank of Chicago in the purchase of the $6,000,000 of first mortgage 5 per cent. twenty-year bonds of the Chicago City Railway, which were recently issued by that road to permit it to undertake improvement work planned in connection with the rehabilitation of the Chicago traction system. It is expected that these bonds will be offered to investors at a price a little under par.

PACIFIC SLOPE.

—Announcement is made of the transfer of the banking business heretofore conducted by the Citizens' National Bank of San Francisco to the Bank of San Francisco, which will continue the business. The Bank of San Francisco has a capital of $200,000. Its officers are: President, W. R. Pierce; vice-presidents, James J. Fagan and John E. Quinn; cashier, W. W. Douglas.

—John G. Morony, president of the First National Bank of Great Falls, Montana, was recently elected president and managing officer of the Daly Bank & Trust Company of Butte, Montana. Mr. Morony is well known in Montana banking circles. Besides being president of the First National Bank of Great Falls, he was for some years State Bank Examiner, and has also been for some time a director of the Daly Bank & Trust Company.

John C. Lalor, the business manager of the estate of Marcus Daly, is now vice-president of the latter bank, having succeeded Charles F. Booth, who resigned on account of ill health.

—The twelfth annual convention of the Washington Bankers' Association was held on June 20, 21 and 22, at the Masonic Temple, Spokane, Wash. The convention was called to order at 10 a. m., Thursday, June 20, when the mayor of Spokane, Hon. C. Herbert Moore, delivered an address of welcome, followed by an address of welcome on behalf of the associated banks of Spokane by George S. Brooks, president of the Fidelity National Bank, to which response was made by S. M. Jackson, manager of the Bank of California, Tacoma. The president then delivered his annual address, which was followed by the reports of the officers and committees. Hon. A. E. Mead addressed the convention on "Recent Legislation."

The afternoon session was opened by an address by Hon. A. W. Engle, State Bank Examiner, after which W. L. Steinweg, cashier of the First National Bank, North Yakima, spoke on "Irrigation in Central Washington," and A. L. Mills, president of the First National Bank, Portland, delivered an address on "Doubtful Banking."

On June 21, the following addresses were made: "Ethics of Banks and Trust Companies," by John Schram, treasurer Washington Trust Company, Seattle; "Old Fashioned Banking," by Joseph Chapman, Jr., cashier Northwestern National Bank, Minneapolis. The programme for Saturday, June 22, was as follows: "The Man of the Hour," Hon. Miles C. Moore, president Baker-Boyer National Bank, Walla-Walla; Gen. Geo. N. O'Brien, cashier American National Bank, San Francisco, spoke on "Overs and Shorts."

CANADA.

—A new building is to be put up by the Merchants' Bank at Victoria, British Columbia.

—The Home Bank of Canada has authorized an increase in its capital from $1,000,000 to $2,000,000.

WITH BANKERS MAGAZINE ADVERTISERS.

BANK FURNITURE AND FITTINGS.

The Aetna Cabinet Co., manufacturers of bank and office furniture and fittings, located at 321 West Maryland street, Indianapolis, Ind., started business in 1895 in a modest way with a limited capital of $2,000. They now operate one of the best equipped plants in the country, and are prepared and in fact are now installing their work with the majority of the banks in the territory contiguous to Indianapolis, especially within a radius of 500 miles. They have equipped in Indiana alone 300 banks, to any and all of which they can refer with a commendable degree of pride. This enviable record has been attained by a conscientious endeavor to please, and it is a point worthy of note that all the principals of the company are practiced mechanics, each having personal supervision of a special department, and it is a pleasure to add that the writer has in numerous instances been advised by customers of this concern that various "extras" have been added in order to make a better job, without extra cost to the bank. Correspondence is invited at all times by the management relative to the equipment of new banks, or the remodeling of old ones, including the installation of the furniture which they also manufacture, which insures a strict conformity with the fixtures. The same principals are at the head now as at first, viz.: President and general manager, V. H. Rothley; vice-president, George Siebert; secretary, Edward Dittrich; treasurer, Harry Miller.

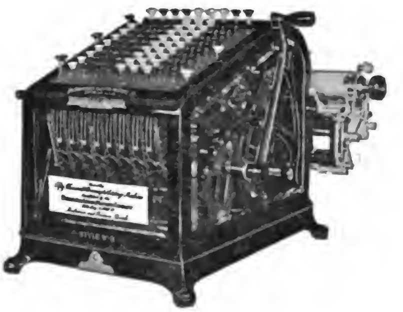
OPTIMISTIC DREAMS WERE FULFILLED.

On April 20, 1907, the Burroughs Adding Machine Company celebrated the sale of the Fifty-thousandth Burroughs adding and listing machine.

The purchaser was the Mechanics & Traders' Bank of Brooklyn, which received machine No. 50,000 as one of the 22 Burroughs Machines it purchased in one order on that day. The machine was decorated with a handsome silver plate, suitably engraved.

On the same day, it is interesting to note, the Standard Oil Company purchased its thirty-eighth machine, and among the 79 machines which made up the day's sales, one was purchased by Albert Todd, a grain dealer at Owosso, Michigan, who discovered that he required a Burroughs to help him extract the maximum of profit from his business.

That was on April 29. The day this is written, June 24, machine No. 53,216 had been officially recorded. By the time it appears in print some hustling Burroughs salesman may be writing an order for No. 55,000. And so it goes. Production so far outruns all predictions that the Burroughs organization is regularly awakened from its big dreams of the distant future to find them already realized, and no one can foresee the possible limit of the machine's field of usefulness.



By way of example, a year or two before his death, William Seward Burroughs was rash enough to predict in the hearing of President Boyer of the Burroughs Company that some day there would be 8,000 Burroughs machines in use. This was said, however, in a fine burst of enthusiasm, which Mr. Boyer promptly set down to a naturally optimistic disposition, and thought no more about it.

But it was only two or three years until the prediction was completely fulfilled. In the first quarter of 1902 the number of machines in use went into five figures, and at the close of that year it stood at 12,537 Burroughs actually in use. In 1903, the figures jumped to 16,982, in 1904, 22,070, in 1905, 29,874, in 1906, 41,874; while the lowest estimate for 1907 is 56,000 machines in use.

Mr. Burroughs' "optimistic" prediction was to the effect that some day there would be 8,000 Burroughs machines in use. Between Jan. 1 and Decoration Day of this year the factory produced considerably over 8,000 machines, and was still a long way behind orders.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

First National Bank, Englewood, Kans.; by J. W. Berryman, et al.

Benton County National Bank, Corvallis, Oreg.; by A. J. Johnson, et al.

City National Bank, Metropolis, Ill.; by J. M. Choat, et al.

First National Bank, Pleasanton, Kans.; by C. G. Dobie, et al.

First National Bank, Mansfield, Pa.; by Chas. S. Ross, et al.

First National Bank, Lakewood, N. M.; by L. W. Holt, et al.

Lynbrook National Bank, Lynbrook, N. Y.; by J. P. Niemann, et al.

First National Bank, Nebo., Ill.; by T. L. Minier, et al.

First National Bank, Marlboro, N. Y.; by George A. Badner, et al.

First National Bank, Aspinwall, Pa.; by L. A. Burnett, et al.

First National Bank, Warner, I. T.; by H. C. Wynne, et al.

Bath County National Bank, Hot Springs, Va.; by W. H. McConihay, et al.

First National Bank, Wray, Colo.; by M. B. Holland, et al.

First National Bank, Crossville, Ill.; by A. M. Stum, et al.

National Bank, Toronto, O.; by L. H. Hilsinger, et al.

First National Bank, Asheboro, N. C.; by J. S. Lewis, et al.

Lynnville National Bank, Lynnville, Ind.; by Joel Bailey, et al.

First National Bank, Marion, Wis.; by A. T. Hennig, et al.

Clyde National Bank, Clyde, Tex.; by Fred Lane, et al.

First National Bank, Westwood, N. J.; by Robt. Le Couver, et al.

Exchange National Bank, Woodlawn, Pa.; by E. W. S. Engle, et al.

Arkansas National Bank, Fayetteville, Ark.; by A. L. Trent, et al.

National Bank of the Republic, Kansas City, Mo.; by C. A. Loomis, et al.

Grange National Bank, Mansfield, Pa.; by E. B. Dorsett, et al.

Citizens' National Bank, Union City, Pa.; by D. G. Smiley, et al.

First National Bank, Selma, Tenn.; by P. H. Thrasher, et al.

First National Bank, Seminole, I. T.; by R. H. Matthews, et al.

First National Bank, Milford, N. J.; by W. Egbert Thomas, et al.

First National Bank, Converse, Ind.; by C. W. Hunt, et al.

First National Bank, Carlisle, Ind.; by De Laskie J. Mathes, et al.

First National Bank, Riley, N. M.; by B. D. Oldham, et al.

First National Bank, Chico, Cal.; by W. J. Costar, et al.

Lakewood National Bank, Lakewood, N. M.; by B. F. Pearman, et al.

Little Falls National Bank, Little Falls, N. J.; by Jno. Jacobus, et al.

First National Bank, Liberty, Pa.; by Fred'k B. Smith, et al.

First National Bank, St. John, N. D.; by O. J. Bolstad, et al.

Commercial National Bank, Jefferson, Tex.; by W. J. Sedberry, et al.

First National Bank, Elk River, Minn.; by W. H. Houlton, et al.

Hinton National Bank, Hinton, Okla.; by Harrison W. Miller, et al.

First National Bank, Fleetwood, Pa.; by D. F. Kelchner, et al.

Exchange National Bank, Waco, Tex.; by A. P. Duncan, et al.

First National Bank, Nauvoo, Ill.; by Fred Salm, Jr., et al.

Horner City National Bank, Horner City, Pa.; by J. A. Klingensmith, et al.

Moore National Bank, Moore, Tex.; by H. E. Johnson, et al.

Poolesville National Bank, Poolesville, Md.; by H. W. Spurrier, et al.

Birdseye National Bank, Birdseye, Ind.; by Joel Bailey, et al.

First National Bank, West Coshohocken, Pa.; by Victor Mauck, et al.

Citizens' National Bank, Seattle, Wash.; by H. O. Shuey, et al.

Ochiltree National Bank, Ochiltree, Tex.; by J. H. Whippo, et al.

First National Bank, Brooksville, Ky.; by Y. Alexander, et al.
Witherspoon National Bank, Lawrenceburg, Ky.; by W. G. Witherspoon, et al.
Peoples' National Bank, Aspen, Colo.; by W. C. Tagert, et al.
First National Bank, Lindenhurst, N. Y.; by D. Bendheim, et al.
First National Bank, Bernville, Pa.; by Geo. Moll, et al.
First National Bank, Oakville, Tex.; by D. T. Blair, et al.
City National Bank, Long Beach, Cal.; by F. M. Douglass, et al.
City National Bank, East St. Louis, Ill.; by M. M. Stephens, et al.
Norwood National Bank, Greenville, S. C.; by J. W. Norwood, et al.
First National Bank, Corona, N. Y.; by A. G. Dimmerling, et al.
First National Bank, Spiro, I. T.; by R. E. Patrick, et al.
First National Bank, Fruita, Colo.; by I. H. Whittemore, et al.
First National Bank, American Falls; by D. W. Davis, et al.
First National Bank, Ogden, Ia.; by J. H. Herman, et al.
First National Bank, Sharonville, O.; by Thos. Anderson, et al.

Application for Conversion to National Banks Approved.

Citizens' State Bank, Creighton, Neb.; into Creighton National Bank.
Utica Bank, Utica, Neb.; into First National Bank.
Commercial Bank, Hendersonville, N. C.; into First National Bank.
Bank of Randlett, Randlett, Okla.; into First National Bank.
Citizens' Bank, Evansburg, Evans City, Pa.; into Citizens' National Bank.
Pend d'Oreille Valley State Bank, Newport, Wash.; into First National Bank.
Thurmond Bank, Thurmond, W. Va.; into Thurmond National Bank.

National Banks Organized.

8700—First National Bank, Mays, Ind.; capital, $25,000; Pres., M. L. McBride; Vice-Pres., O. E. Rich; Cashier, B. B. Benner; Asst. Cashier, Ralph H. Miles.
8701—Old National Bank, Lima, O.; capital, $125,000; Pres., J. C. Thompson; Vice-Pres., F. W. Holmes; Cashier, L. H. Kibby; Asst. Cashier, A. C. Feltz.
8702—First National Bank, Blanchard, I. T.; capital, $25,000; Pres. W. B. Crump; Cashier, F. J. Stafford.
8703—National Bank of Commerce, Detroit, Mich.; capital, $750,000; Pres., R. P. Joy; Vice-Pres., Wm. P. Hamilton; Cashier, Hy. H. Sanger.
8704—First National Bank, Beverly, N. J.; capital, $25,000; Pres., M. R. H. Levin; Vice-Pres's., Wm. A. Cortright and M. B. Perkins; Cashier, R. W. D. Albury.
8705—First National Bank, Toronto, O.; capital, $50,000; Pres., W. B. Stratton; Vice-Pres., W. B. Goucher; Cashier, T. J. Collins.
8706—First National Bank, Burkburnett, Tex.; capital, $25,000; Pres., J. A. Kemp; Vice-Pres., J. G. Hardin; Cashier, H. D. Creath.
8707—First National Bank, Sierra Madre, Cal.; capital, $25,000; Pres., Alfred Cooper; Vice-Pres's., C. S. Kersting and A. D. Hawks; Cashier, H. I. Thomas.
8708—Peoples' National Bank, Elk City, Kans.; capital, $25,000; Pres., G. E. Cox; Vice-Pres., J. A. Brown; Cashier, J. M. Cox.
8709—First National Bank, Morrow, O.; capital, $25,000; Pres., R. Evans; Vice-Pres's., P. Whitacre and P. K. Urton; Cashier, W. E. Knapp.
8710—First National Bank, Manawa, Wis.; capital, $25,000; Pres., L. Choate; Vice-Pres., J. B. Jensen; Cashier, C. D. Dick.
8711—First National Bank, Fairfax, S. D.; capital, $25,000; Pres., C. A. Johnson; Vice-Pres., Jno. N. Ellerman; Cashier, U. G. Stevenson; Asst. Cashier, Chester Johnson; Conversion of Fairfax State Bank.
8712—First National Bank, Monroe, N. C.; capital, $100,000; Pres., O. P. Heath; Vice-Pres., J. R. English; Cashier, R. Phifer; Asst. Cashier, W. C. Crowell; Conversion of Peoples' Bank.
8713—First National Bank, Manhattan, Ill.; capital, $40,000; Pres., A. Greenwood; Vice-Pres., Chas. Ingraham; Cashier, Edw. L. Wilson; Asst. Cashier, Benj. J. Baskerville.
8714—Lebanon National Bank, Lebanon, Tenn.; capital, $30,000; Pres., S. G. Stratton; Vice-Pres's. H. F. Hearn and D. J. Shipp; Cashier, F. C. Stratton.
8715—Citizens' National Bank, Waurika, Okla.; capital, $25,000; Pres., B. V. Cummins; Vice-Pres's., W. P. Harper and A. A. Brenneman; Cashier, O. E. Heacock; Asst. Cashier, A. C. Heacock.
8716—Citizens' National Bank, Laurel, Mont.; capital, $35,000; Pres., L. A. Nutting; Vice-Pres., B. G. Brockway; Cashier, R. S. Fudge.
8717—Ontario National Bank, Clifton Springs, N. Y.; capital, $25,000; Pres., Geo. H. Moorhead; Vice-Pres., R. L. Leland; Cashier, D. D. Merryman.
8718—Union National Bank, Fresno, Cal.; capital, $150,000; Pres., W. O. Miles; Vice-Pres., C. R. Puckhaber; Cashier, W. R. Price.
8719—National Bank, Poplarville, Miss.; capital, $50,000; Pres., N. Batson; Vice-Pres., J. O. Bilbo; Cashier, D. L.

Batson; Asst. Cashiers, M. N. McCoy and J. J. Scarborough, Jr.; Conversion of Bank of Poplarville with Branch at Sandersville.

8720—Security National Bank, Minneapolis, Minn.; capital, $1,000,000; Pres., F. A. Chamberlain; Vice-Pres., Perry Harrison; Cashier, J. S. Pomeroy; Asst. Cashiers, Fred Spafford and Geo. Lawther; Conversion of Security Bank of Minnesota.

8721—First National Bank, Sheridan, Oreg.; capital, $25,000; Pres., S. L. Scroggin; Cashier, H. H. Winslow.

8722—Bath County National Bank, Hot Springs, Va.; capital, $50,000; Pres., Hy. S. Pole; Vice-Pres., J. L. Blakey; Cashier, W. H. McConihay.

8723—Vassar National Bank, Vassar, Mich.; capital, $25,000; Pres., Frank Hellerick; Vice-Pres., E. H. Knight; Cashier, Geo. D. Clarke; Asst. Cashier, R. C. Wixson.

8724—Citizens' National Bank, Slippery Rock, Pa.; capital, $35,000; Pres., W. M. Humphrey; Vice-Pres., Benj. Pearson, Sr.

8725—Okey-Vernon National Bank, Corning, Ia.; capital, $50,000; Pres., A. F. Okey; Vice-Pres., C. H. Vernon; Cashier, C. E. Okey; Asst. Cashiers, E. M. Vernon and F. C. Okey.

8726—First National Bank, Mahnomen, Minn.; capital, $25,000; Pres., Hy. Birkett; Cashier, H. S. Frazer; conversion of Mahnomen State Bank.

8727—First National Bank, Custer City, Okla. (Post Office, Custer); capital, $25,000; Pres., O. E. McCartney; Vice-Pres., J. H. Pyeatt; Cashier, Leon L. Hoyt.

8728—De Sota National Bank, Arcadia, Fla.; capital, $50,000; Pres., Wm. G. Welles; Vice-Pres., Jno. W. Whidden; Cashier, Benj. F. Welles; Asst. Cashier, Leon A. Stroud.

8729—First National Bank, Grey Eagle, Minn.; capital $25,000; Pres., R. F. Wilke; Vice-Pres's., M. Harstad, D. Miller and Jno. O. Carter.

8730—Farmers' National Bank, Cushing, Okla.; capital, $25,000; Pres., P. H. Mayginnes; Vice-Pres., F. W. Rotterman; Cashier, Milby E. Whipple.

8731—First National Bank, Bridgeport, Tex.; capital, $25,000; Pres., D. M. Willson; Vice-Pres., J. M. Slover; Cashier, H. G. Leonard; Asst. Cashier, Frank Turner.

8732—First National Bank, Mackinaw, Ill.; capital, $25,000; Pres., J. R. Whisler; Vice-Pres., S. S. Smith; Cashier, Thos. Viemont.

8733—First National Bank, Altamont, Ill.; capital, $25,000; Pres., W. H. Shubert; Vice-Pres., H. Schwerdtfeger; Cashier, L. B. Osborne; Asst. Cashier, J. L. Brummerstedt.

8734—New Hibernia National Bank, New Orleans, La.; capital, $400,000; Pres., Jno. J. Gannon; Vice-Pres's., G. R. Westfeldt and Hugh McCloskey; Cashier, Chas. Palfray; Asst. Cashier, W. C. Dwyer.

8735—First National Bank, Buena Vista, Colo.; capital, $25,000; Pres., A. C. Wallace; conversion of Bank of Buena Vista.

8736—United State National Bank, Centralia, Wash.; capital, $100,000; Pres., Chas. Gilchrist; Vice-Pres's., C. S. Gilchrist and Geo. E. Birge; Cashier, J. W. Daubney; Asst. Cashier, Ross W. Daubney.

8737—Union National Bank, Scranton, Pa.; capital, $500,000; Pres., W. L. Connell; Vice-Pres's., D. W. Mears and F. W. Wollerton; Cashier, F. W. Wollerton; Asst. Cashier, Wm. W. McCulloch.

8738—National Bank of the Republic, Kansas City, Mo.; capital $500,000; Pres., Wm. Huttig; Vice-Pres's., Jno. Worthington and Willis Wood; Cashier, Jno. C. Hughes.

8739—Grange National Bank of Potter County, Ulysses, Pa.; capital, $25,000; Pres., G. S. Ladd; Vice-Pres., P. H. Miller; Cashier, Art. S. Burt; Asst. Cashier, Hazel Young.

8740—First National Bank, Geneva, Ill.; capital, $25,000; Pres., Hy. B. Fargo; Vice-Pres., E. F. Gorton and H. R. Dow; Cashier, A. R. Dow.

8741—Morrow National Bank, Morrow, O.; capital, $25,000; Pres., A. N. Couden; Vice-Pres., W. T. Mounts; Cashier, E. C. Dunham.

8742—First National Bank, Lovelady, Tex.; capital, $25,000; Pres., W. W. West; Vice-Pres., J. O. Monday; Cashier, Clem F. Corley.

8743—Pioneer National Bank, Ritzville, Wash.; capital, $75,000; Pres., O. H. Greene; Vice-Pres., C. E. Shipman; Cashier, W. H. Martin; conversion of Pioneer State Bank.

8744—First National Bank, Waurika, Okla.; capital $25,000; Pres., Geo. M. Paschal; Vice-Pres., Guy C. Robertson and Wm. M. Anderson; Cashier, E. B. Ellis; conversion of Bank of Waurika.

8745—City National Bank, Metropolis, Ill.; capital, $50,000; Pres., C. P. Treat; Vice-Pres., Eugene Lafont; Cashier, J. M. Choat; Asst. Cashier, S. M. Stewart.

8746—People's National Bank, Strasburg, Va.; capital, $25,000; Pres., Geo. A. Copp; Vice-Pres., W. F. Bowman; Cashier, Fred D. Maphis.

8747—Citizens' National Bank, Winamac, Ind.; capital, $50,000; Pres., Wm. Sabel; Vice-Pres., M. A. Dilts; Cashier, S. A. March; Asst. Cashier, C. L. Bader.

8748—First National Bank, Belmond, Ia.; capital, $30,000; Pres., G. H. Richardson; Vice-Pres., T. B. Kaufman; Cashier, W. I. Rosecrans; Asst. Cashier, B. Mennenga; conversion of Iowa Valley State Bank.

8749—Citizens' National Bank, Pineville, W. Va.; capital, $50,000; Pres., Jno. Ball; Vice-Pres., Jas. H. George; Cashier, R. A. Keller.

8750—Benton County National Bank, Corvallis, Oreg.; capital, $50,000; Pres., A. J. Johnson; Cash., Jno. F. Allen; Asst. Cashier, C. A. Dobell.

8751—First National Bank, Gormania, W. Va.; capital, $25,000; Pres., C. H. Vossler; Vice-Pres., M. A. Patrick; Cashier, A. F. Schwartz.

8752—First National Bank, Wray, Colo.; capital, $30,000; Pres., M. B. Holland; Vice-Pres., W. T. Auld; Cashier, P. J. Sullivan; Asst. Cashier, M. Finch.

8753—Massanuten National Bank, Strasburg, Va.; capital, $25,000; Pres., E. D. Newman; Vice-Pres., R. S. Wright; Cashier, J. W. Eberly; Asst. Cashier, S. M. Zea.

8754—Farmers' National Bank, Olustee, Okla.; capital, $25,000; Pres., A. B. Dunlap; Vice-Pres's., N. T. Gilbert and I. W. Satterfield; Cashier, B. E. Kelly.

8755—First National Bank, Platteville, Colo.; capital, $25,000; Pres., F. J. Macarthy; Vice-Pres., J. F. Dawson; Cashier, Jno. Jepson.

8756—First National Bank, Battle Lake, Minn.; capital, $25,000; Pres., Hy. Olson; Vice-Pres., O. T. Langen; Cashier, Knud Hansen.

8757—First National Bank, Elk River, Minn.; capital, $25,000; Pres., W. H. Houlton; Vice-Pres., R. E. Dare; Cashier, Geo. C. Hill; Asst. Cashier, Chas. Houlton.

8758—First National Bank, Sesser, Ill.; capital, $25,000; Pres., Evan Fitzgerrell; Vice-Pres., C. B. Lewis; Cashier, R. D. Webb.

8759—First National Bank, Verden, Okla.; capital, $25,000; Pres., Ed. F. Johns; Vice-Pres., R. L. Strausberry; Cashier, W. S. Yeager.

8760—First National Bank, Hay Springs, Neb.; capital, $25,000; Pres., D. H. Griswold; Vice-Pres., C. F. Coffee; Cashier, W. C. Brown; Asst. Cashier, J. E. Plummer.

8761—Citizens' National Bank, Bellevue, Pa.; capital, $50,000; Pres., D. C. Wills; Vice-Pres., Marshall Johnston; Cashier, T. A. McNary.

8762—First National Bank, Ackley, Ia.; capital, $50,000; Pres., Jno. C. Lusch; Cashier, S. Y. Eggert; Asst. Cashier, S. S. Trainer.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Thomasville—Farmers' Bank & Trust Co. (successor to First National and Citizens' banks); capital, $100,000; Pres., J. W. Tucker; Vice-Pres., J. A. McNider; Cashier, J. G. Cunningham; Asst. Cashiers, J. H. Roan and J. E. Richett.

ARIZONA.

Superior—Superior Commercial & Trust Co.; Pres., A. W. Crawford; Vice-Pres., W. D. Fisk; Sec'y and Treas., E. F. Kreener, Jr.

Tuscon—Merchants' Bank & Trust Co.; capital, $50,000; Pres., A. Rebeil; Vice-Pres., Jno. Mets; Cashier, Byrd Brooks.

ARKANSAS.

Hot Springs—Arkansas Trust Co.; capital, $65,000; Pres., M. J. Henderson; Vice-Pres., S. H. Stitt; Cashier, F. L. Stitt.

St. Paul—Citizens' Bank; capital, $5,000; Pres., J. P. Salyer, Jr.; Vice-Pres., J. M. Stewart; Cashier, Chas. E. Crawford.

Tyronza—Bank of Tyronza; capital $10,000; Pres., W. A. Beasly; Vice-Pres., W. H. Hoskins; Cashier, H. C. Coverturf.

CALIFORNIA.

Los Angeles—Columbia Trust Co. (successor to Merchants' Bank); capital, $100,000; Pres., L. L. Elliott; Vice-Pres's., W. R. Hervey and E. D. Silent; Treas., H. M. Binford; Asst. Treas., L. D. Williams.—Western State Bank; capital, $50,000; Pres., Geo. B. Epstein; Vice-Pres., O. M. Souden; Cashier, E. Cohen.

Pasadena—State Bank of Pasadena; capital, $25,000; Pres., W. M. Eason; Vice-Pres., M. D. Painter; Cashier, C. McLain; Asst. Cashier, Frank W. Hill. —Bank of Commerce; capital, $50,000; Pres., H. W. Chynoweth; Vice-Pres's., T. J. Ashby and M. D. Snowball.

Riverside—Security Savings Bank; capital, $50,000; Pres., S. H. Herrick; Vice-Pres., W. G. Fraser; Cashier, W. B. Clancy; Asst. Cashier, W. T. Dinsmore.

COLORADO.

Del Norte—Rio Grande State Bank; capital, $15,000; Pres., A. J. Weiss; Vice-Pres., Marx Lorig; Cashier, W. S. Johnson.

Holly—Holly State Bank; capital $30,000; Pres., F. W. Montgomery; Vice-Pres., J. A. Pierce; Cashier, G. W. Stevens.

Iliff—First Bank of Iliff; capital, $10,000; Pres., J. P. Dillion; Vice-Pres., F. E. Frost; Cashier, J. M. Sanders.

Wiley—Wiley State Bank; capital, $10,000; Pres., W. C. Gould; Vice-Pres., B. B. Brown; Cashier, H. G. Samson.

CONNECTICUT.

New Britain—New Britain Trust Co. (successor to Mechanics' National Bank and Hardware City Trust Co.); capital, $200,000; Pres., Wm. E. Atwood; Vice-Pres's., L. H. Pease and Chas. M. Jarvis; Treas., F. G. Vibberts; Sec'y, H. B. Boardman

Waterbury—Waterbury Trust Co.; capital, $200,000; Pres., C. L. Holmes; Vice-Pres., M. L. Sperry; Treas., H. Seeley.

DELAWARE.

Wilmington—Equitable Guarantee and Trust Co.; capital, $500,000; Pres., O. Nowland; Vice-Pres., E. Bringhurst, Jr.; Sec'y, J. T. Pennypacker; Treas., R. Reese.

FLORIDA.

Arcadia—State Bank of Arcadia; capital, $50,000; Pres., J. J. Heard; Vice-Pres., E. Holtsinger; Cashier, David H. Scott.

Fort Myers—Lee County Bank; capital, $50,000; Pres., L. O. Benton; Vice-Pres., W. H. Towles; Cashier, G. W. McWhorter.

Jennings—Bank of Jennings; capital, $15,000; Pres., B. F. McCall, Jr.; Vice-Pres., Jas. J. Beaty; Cashier, S. E. Hewett.

St. Andrews—Bank of St. Andrews; capital, $1,500; Pres., J. H. Drummond; Vice-Pres., Wm. E. Marthus; Cashier, F. Bullock.

Tampa—Bank of Tampa; capital, $100,000; Pres., Geo. A. McLeod; Vice-Pres., J. L. Greer; Cashier, P. S. Cooper; Asst. Cashier, N. W. Hensley. —Cosmopolitan Bank and Trust Co.; capital, $100,000; Pres., O. R. Swain; Vice-Pres., R. Fernandez and J. W. Douglas; Cashier, E. Holtsinger.

GEORGIA.

Brooks—Brooks Bank; capital, $2,500; Pres., Sam Boykin; Vice-Pres., A. Steinheimer; Cashier, Arthur Digby.

Cecil—Bank of Cecil (Branch of Citizens' Bank); Pres., M. W. Jones; Vice-Pres., A. A. Parrish; Cashier, D. A. Graddy.

Colbert—Bank of Colbert; capital, $25,000; Pres., N. H. Toole; Vice-Pres., J. F. Colbert; Cashier, Miles Collier.

Leesburg—Bank of Leesburg (successor to Leesburg Exchange Bank); capital, $15,000; Pres., E. B. Martin; Cashier, D. D. Hall.

IDAHO.

Buhl—Citizens' State Bank; capital, $25,000; Pres., L. D. Albred; Vice-Pres., Jno. Lorenz; Cashier, R. W. Albred.

ILLINOIS.

Canton—First State Bank; capital, $50,000; Pres., W. H. Boyer; Vice-Pres., Geo. W. Wilcoxen; Cashier, Geo. Wilson.

Danville—American Bank and Trust Co.; capital $150,000; Pres., A. M. Bushnell; Vice-Pres., Jno. L. Hamilton; Cashier, Jas. A. Foster.

Hettick—Bank of Hettick; capital, $11,000; Pres., J. Ribble; Vice-Pres., J. A. Patterson; Cashier, H. G. Fansler; Asst. Cashier, W. B. Killam.

Maunie—Maunie Banking Co.; capital, $10,000; Pres., D. E. Rose; Cashier, A. R. Pumphrey.

Silvis—Cox Bros. Bank; capital, $15,000; Pres., H. R. Cox; Cashier, A. B. Cox; Asst. Cashier, Ethel Cox.

Virden—State Bank of Virden (successor to Bank of Virden); capital, $50,000; Pres., J. P. Henderson; Vice-Pres., H. T. Willson; Cashier, J. W. Everts; Asst. Cashier, H. E. Hill.

INDIANA.

Columbia City—Farmers' Loan & Trust Co.; capital, $30,000; Pres., B. E. Gates; Vice-Pres., A. B. Tucker; Sec'y, C. H. Foust; Asst. Sec'y, H. A. Beeson.

Converse—Farmers' State Bank (successor to Mark Tullys Exchange Bank)); capital, $25,000; Pres., Fred Green; Vice-Pres., Chas. W. Hunt; Cashier, Jos. Rich.

Farmland—Farmland State Bank (successor to Farmers and Citizens' Bank) capital, $32,000; Pres., Jno. W. Clayton; Vice-Pres., L. N. Davis; Cashier, I. M. Branson; Asst. Cashier, G. G. Bales.

Hammond—Hammond Savings and Trust Co.; capital, $30,000; Pres., A. R. Eberts; Vice-Pres., Fred R. Motts: Cashier, Frank Hammond.

Waynestown—Farmers and Merchants' Bank; capital, $18,000; Pres., H. M. Bonnell; Vice-Pres., R. H. Green; Cashier, E. Wilkinson; Asst. Cashier, C. R. Owen.

INDIAN TERRITORY.

Long—Citizens' Bank; capital, $10,500; Pres., L. L. Bragg; Vice-Pres., J. W. West; Cashier, A. W. Brownfield; Asst. Cashier, V. R. Brownfield.

Pryor Creek—Citizens' Bank and Trust Co. (successor ta Citizens' Bank); capital, $25,000; Pres., J. N. Wilkinson; Vice-Pres., T. H. Hayden; Cashier, E. W. Bowers.

Wewoka—Western Bank and Trust Co.; capital, $10,000; Pres., H. E. Kanaga; Vice-Pres., Saml. W. Lane; Cashier, E. Witt.

IOWA.

Atlantic—Messenger Loan and Trust Co.; capital, $100,000; Pres., G. H. Messenger; Vice-Pres., E. L. Butler; Sec'y, C. M. Cole; Treas., G. A. Lee.

Parkersburg—Farmers and Merchants' Bank; capital, $25,000; Pres., H. J. Merlien; Vice-Pres., G. Ludeman; Cashier, H. R. Merlien.

Walker—Walker Savings Bank; capital, $20,000; Pres., P. H. Burke; Vice-Pres., M. McAllen; Cashier, F. Simon.

KANSAS.

Cambridge—Cambridge State Bank; capital, $10,000; Pres., C. V. Brooks; Vice-Pres., J. E. Cropp; Cashier, J. J. Benjamin.

Derby—Farmers and Merchants' State Bank; capital, $10,000; Pres., S. T. Townsdin; Vice-Pres., A. W. Palmer; Cashier, T. A. Wilson.

Lone Elm—Lone Elm State Bank; capital, $10,000; Pres., G. O. Reeve; Vice-Pres., D. V. Stoll; Cashier, J. D. Wilson.

Paradise—Paradise State Bank; capital, $10,000; Pres., W. P. O'Brien; Vice-Pres., D. O. Miller; Cashier, W. H. Brady.

Paxico—State Bank of Paxico; capital, $16,000; Pres., Wm. Muckenthaler; Vice-Pres., A. W. Strowig; Cashier, A. R. Strowig.

Purcell—State Bank of Purcell; capital, $10,000; Pres., J. M. Morley; Vice-Pres., M. T. Purcell.

Russell Springs—Russell Springs State Bank; capital, $10,000; Pres., James Bowie; Cashier, H. J. Harwi.

KENTUCKY.

Albany—Citizens' Bank; Pres., W. M. Johnson; Vice-Pres., J. A. Warinner; Cashier, H. L. Wallace.

Casey Creek—Farmers' Bank; capital, $7,500; Pres., McC. Goode; Vice-Pres., F. C. Land; Cashier, R. C. Jones; Asst. Cashier, C. O. Walker.

Fairfield—Bank of Fairfield (successor to People's Bank); capital $18,000; Pres., J. S. McKenna; Vice-Pres., S. H. Simpson; Cashier, W. D. Jolly; Asst. Cashier, S. E. McKenna.

Henderson—People's Savings Bank; capital, $15,000; Pres., F. C. Klutey; Vice-Pres., W. H. Wearer; Cashier, M. L. Katterjohn.

LOUISIANA.

Monroe—Bank of Monroe (successor to Merchants and Farmers' Bank); capital, $100,000; Pres., A. A. Forsythe; Vice-Pres., R. B. Blanks, Sr.; Cashier, W. S. Kilpatric; Asst. Cashier, R. B. Blanks, Jr.

MAINE.

Mars Hill—Mars Hill Trust Co.; capital, $35,000; Pres., H. W. Safford; Vice-Pres., E. M. Smith; Cashier, A. O. Nutter.

MASSACHUSETTS.

Winthrop—Winthrop Co-operative Bank; Pres., E. B. Newton; Vice-Pres., F. F. Cook; Sec'y and Treas., A. E. Whittemore.

MICHIGAN.

Grand Rapids—Madison Square Bank; capital, $13,000; Pres., Chas. A. Spears; Vice-Pres., F. S. Coleman; Cashier, F. J. Cook.

Harrison—People's Bank; Pres., M. Fanning; Vice-Pres., A. W. Tibbits; Cashier, C. R. Giddings.

Marcellus—First State Savings Bank; capital, $40,000; Pres., S. Stern; Vice-Pres., E. Shillits; Cashier, S. N. Lowry.

Roscommon—Roscommon State Bank; capital, $20,000; Pres., W. B. Orcutt; Vice-Pres., H. L. Cox; Cashier, H. J. Cox.

MINNESOTA.

Braham—Farmers and Citizens' Bank; capital, $10,000; Pres., S. P. Crosby; Vice-Pres., Jno. Runquist; Vice-Pres., L. V. Skoglund.

Elizabeth—Merchants' State Bank; capital, $10,000; Pres., Peter Maurin; Vice-Pres., Chas. Bradford; Cashier, W. S. Lee.

Evansville—Farmers' State Bank; capital, $10,000; Pres., C. H. Raiter; Vice-Pres., O. Amundson; Cashier, J. Mathison; Asst. Cashier, C. T. Paulson.

Minneapolis—Metropolitan State Bank; capital, $100,000; Pres., Geo. C. Merrill; Vice-Pres., M. R. Waters; Cashier, V. H. Van Slyke; Asst. Cashier, Chas. F. Wyant.

Pine River—First State Bank (successor to First Bank); capital, $10,000; Pres., Chas. W. La Du; Vice-Pres., Frank L. Hill; Cashier, J. E. Geary.

St. Cloud—Stearns County State Bank; capital, $50,000; Pres., H. J. Haskamp; Cashier, F. Staugl.

Swanville—Bank of Swanville; capital, $10,000; Pres., Wm. Siems; Vice-Pres., B. M. Siems; Cashier, Olga Siems.

MISSISSIPPI.

Jackson—Central Bank of Mississippi; capital, $500,000; Pres., N. T. Anders; Cashier, W. J. Rice.—Century Banking Co. (successor to Security Trust and Banking Co.); capital, $25,000; Pres., V. O. Robertson; Vice-Pres., J. V. Leitch; Cashier, C. Dabney.

MISSOURI.

Chadwick—Chadwick State Bank; capital, $10,000; Pres., M. L. Atkinson; Vice-Pres., J. C. St. John; Cashier, A. S. White.

Oak Grove—Commercial Bank; capital, $20,000; Pres., F. M. Frick; Vice-Pres., N. S. Campbell; Cashier, N. H. Barron.

MONTANA.

Drummond—Drummond State Bank; capital, $25,000; Cashier, Hugh E. Bran.

NEBRASKA.

Axtell—Farmers and Merchants' Bank; capital, $10,000; Pres., J. D. England; Vice-Pres., J. H. Larson; Cashier, C. B. Pfrimmer.

Farrel—First State Bank; capital, $10,000; Pres., W. A. C. Johnson; Vice-Pres., Geo. Jevine; Cashier, Ed. Larkowski.

Hazard—Hazard State Bank; capital, $5,000; Pres., D. W. Titus; Vice-Pres., F. L. Grammer; Cashier, E. H. Robinson.

Maskell—Maskell State Bank; capital, $10,000; Pres., A. H. Maskell; Vice-

Pres., N. C. Johnson; Cashier, A. G. Rahn.

Odell—State Bank of Odell; capital, $10,000; Pres., A. O. Burket; Vice-Pres., E. Loemker; Cashier, D. D. McGuire.

NEVADA.

Wonder—Nye & Omsby, County Bank; capital, $500,000; Pres., J. Golden; Cashier, A. J. Raycroft; Asst. Cashier, G. A. Macpherson.

NEW MEXICO.

Kenna—Kenna Bank and Trust Co.; capital, $15,000; Pres., Chas. H. Sims; Vice-Pres., H. S. Halloway; Cashier, W. B. Scott.

Portales—Portales Bank and Trust Co.; capital, $25,000; Pres., W. G. Johnson; Vice-Pres., C. W. Morris; Cashier, J. A. Fairly; Asst. Cashier, Ben Smith.

Taiban—Savings Bank of Taiban; capital, $15.000; Pres., M. Rolinck; Vice-Pres., Joe Sherman; Cashier, J. C. Leavelle.

NEW JERSEY.

Camden—Broadway Trust Co.; capital, $100,000; Pres., Jno. J. Burleigh; Vice-Pres., R. H. Corney and A. Robus; Treas., B. B. Draper.

Passaic—Merchants' Bank of Passaic; capital, $50,000; Pres., Robt. D. Kent; Cashier, Chas. M. Applegate.

NEW YORK.

Buffalo—American Savings Bank; Pres., H. A. Meldrum; Vice-Pres., Jno. M. Satterfield and Chas. J. Fix; Sec'y, Clarence F. Powell.

Corning—State Bank of Corning; capital, $100,000; Pres., Chas. H. Almy; Vice-Pres., J. H. Brown; Cashier, W. Jones.

Spencerport—Bank of Spencerport; capital, $25,000; Pres., Geo. M. Cole; Vice-Pres., J. P. Jones; Cashier, M. T. Page.

NORTH CAROLINA.

Burlington—Piedmont Bank; capital, $10,000; Pres., J. W. Muncy; Vice-Pres., J. M. Cook; Cashier, H. L. Fowler.

Creswell—Bank of Creswell; capital, $5,000; Pres., T. W. Blount; Vice-Pres., H. A. Litchfield; Cashier, L. H. Harrison.

Greensboro—Greensboro Commercial and Savings Bank; Pres., F. B. Ricks; Vice-Pres., E. J. Stafford; Cashier, F. C. Boyles; Asst. Cashier, I. F. Peebles.

Zebulon—Bank of Zebulon; capital, $5,000; Pres., T. J. Horton; Vice-Pres., H. R. Hales; Cashier, F. E. Bunn.

NORTH DAKOTA.

Expansion—Security State Bank; capital, $10,000; Pres., N. P. McGregor; Vice-Pres., W. F. Halliday; Cashier, P. S. Chaffee; Asst. Cashier, W. C. Kees.

Geneseo—Geneseo State Bank; capital, $10,000; Pres., J. L. Mathews; Vice-Pres., James Dougherty; Cashier, Geo. Brooks; Asst. Cashier, A. C. Kotchian.

McKinock—McKinock State Bank; capital, $10,000; Pres., A. I. Widlund; Vice-Pres., J. F. Jones; Cashier, A. C. Goldtrap.

Monango—Farmers and Merchants' Bank; capital, $10,000; Pres., E. E. Crisp; Vice-Pres., E. Magoffin; Cashier, P. Z. Mowry.

Stanley—Citizens' State Bank; capital, $10,000; Pres., F. L. Alger; Vice-Pres., G. H. Miller; Cashier, F. C. Alger; Asst. Cashier, H. Alger.

OHIO.

Brink Haven—Brink Haven Banking Co.; capital, $12,500; Pres., F. J. Southard; Vice-Pres., H. J. Andrews.

Oakley—Oakley Bank; capital, $25,000; Pres., Jno. Rempe; Vice-Pres., E. H. M. Atkins; Cashier, R. Ruzicka.

Reily—Bank of Reily; capital, $10,000; Pres., Jos. A. Urmston.

OKLAHOMA.

Britton—North Oklahoma State Bank; Pres., W. L. Bradford; Vice-Pres., E. M. Christopher; Cashier, C. E. Christopher.

Clinton—Winne State Bank; capital, $25,000; Pres., S. E. Winne; Vice-Pres., E. H. Shumate.

Edmund—Farmers' State Bank; capital, $15,000; Pres., W. H. Tuttle; Vice-Pres., J. N. Brandt; Cashier, G. H. Fink.

Fairview—Farmers and Merchants' Bank; capital, $10,000; Pres., Geo. B. Ward; Vice-Pres., E. Studeman; Cashier, P. Welhausen.

Luther—Luther State Bank; capital, $10,000; Pres., W. J. Arthur; Vice-Pres., J. C. Arnett; Cashier, Wm. Campbell; Asst. Cashier, Jno. Bedner.

McLoud—Bank of Commerce (successor to Citizens' Bank); capital, $10,000; Pres., Geo. G. Boggs; Vice-Pres., E Craddock; Cashier, A. H. Young.

Texhoma—Farmers' State Bank; capital, $25,000; Pres., Ben F. Davis; Vice-Pres., R. D. Stratten; Cashier, A. F. Bailey.

PENNSYLVANIA.

Lewisburg—Lewisburg Trust and Safe Deposit Co.; capital, $125,000; Pres., A. W. Brown; Vice-Pres., Chas Steele; Treas., Danl. F. Green.

Scranton—Providence Bank; capital, $75,000; Pres., C. H. Von Storch; Vice-Pres., Geo. W. Beemer; Cashier, R. B. Carr.

SOUTH CAROLINA.

Spartanburg—Ravadson Trust Co.; capital, $30,000; Pres., H. E. Ravenel; Vice-Pres., A. M. Adger; Treas., E. W. Johnson.

SOUTH DAKOTA.

Java—German State Bank; capital, $10,000; Pres., Jno. Bieber; Vice-Pres., Fred Spiry; Cashier, P. Spiry; Asst. Cashier, H. Thielen.

Kadoka—Kadoka State Bank; capital, $6,500; Pres., F. H. Meyer; Vice-Pres., C. A. Cravin; Cashier, W. C. Meyer; Asst. Cashier, G. A. Bailey.

TENNESSEE.

McKenzie—First State Bank; Pres., C. E. Larde; Cashier, J. E. Moseley.

Mosheim—Mosheim Banking Co.; capital, $15,000; Pres., H. J. Weslcarver; Cashier, J. Bowles.

Mt. Joliet—Smith & Grigg (Branch of Wilson County Bank of Lebanon); Mngrs., Smith & Gregg.

Ooltewah—Bank of Ooltewah; capital, $10,000; Pres., S. Newton; Vice- Pres., P. M. Cate; Cashier, T. H. Stokes.

Saulsbury—Bank of Saulsbury; capital, $10,000; Pres., E. T. Durden; Vice-Pres., G. W. Dowdy; Cashier, Capp Richards.

Spring City—Rhea Co. Bank and Trust Co.; capital, $1,500; Pres., J. L. Hoyal; Vice-Pres., R. M. Robinson; Cashier, A. Saul.

TEXAS.

Beaumont—Texas Bank and Trust Co.; capital, $110,000; Pres., Geo. W. Collier; Vice-Pres., W. C. Tynell, Jr.; Cashier, J. L. Cunningham; Asst. Cashier, Paynes Briscoe.

Groveton—Groveton State Bank; capital, $201,000; Pres., A. J. Wood; Vice-Pres., W. O. Evans and P. Lipscomb; Cashier, T. Y. Smith; Asst. Cashier, W. J. Womack.

Ira—First State Bank; capital, $10,000; Pres., T. N. Stinson; Vice-Pres., F. J. Grayum; Cashier, G. A. Antry.

Kerrville—First State Bank; capital, $25,000; Pres., J. R. Burnett; Vice-Pres., T. F. W. Dietert; Cashier, H. Noll; Asst. Cashier, McC. Burnett.

Lamesa—Dawson County Bank; capital, $6,000; Pres., J. F. Barron; Vice-Pres., E. L. Tidwell—Cashier, J. H. Barron.

Mt. Calm—First State Bank; capital, $25,000; Pres., B. H. Oates; Vice-Pres., J. H. Reynolds; Cashier, H. M. Cochran; Asst. Cashier, E. C. Fain, Jr.

Myra—Bank of Myra (successor to Aldridge Bank); capital, $10,000; Pres., A. Campbell; Vice-Pres., S. McCool; Cashier, H. C. Blahm.

Quanah—First State Bank; capital, $25,000; Pres., G. W. Radford; Vice-Pres., R. T. O'Hair; Cashier, Jas. A. Radford.

Rock Springs—First State Bank; capital, $35,000; Pres., Chas. Schreiner; Vice-Pres., Jno. I. Gething; Cashier, C. Axson.

Uvalde—First State Bank; capital, $30,000; Pres., A. B. Bowman; Vice-Pres., I. L. Martin; Cashier, D. W. Barnhill.

Yorktown—First State Bank; capital, $25,000; Pres., S. E. Weldon; Vice-Pres's., F. Kraege and Wm. Metz; Cashier, R. C. Fechner.

VIRGINIA.

Bloxom—Accomac Banking Co.; capital, $36,000; Pres., J. W. Bowdoin; Vice-Pres., Chas. Byrd; Cashier, W. H. Bloxom.

Botetourt—Farmers and Canners' Bank; capital, $7,500; Pres., Jno. W. Layman; Vice-Pres., B. E. Layman; Cashier, Saml. Bauber.

Victoria — Prince Edward — Lunenburg County Bank (Branch of Meherrin Bank); Mngr., B. E. Williams.

WASHINGTON.

Aberdeen—Union Bank and Trust Co.; capital, $50,000; Pres., F. G. Jones; Vice-Pres's., A. Rupert and W. B. Mack; Cashier, O. F. Johnson.

Cashmere—Cashmere State Bank; capital, $15,000; Pres., Guy C. Browne; Vice-Pres., Grant Paton; Cashier, E. F. Stowell.

Centralia—Union Loan and Trust Co.; capital, $50,000; Pres., F. B. Hubbard; Vice-Pres., F. T. McNitt; Sec'y, P. R. Stahl.

Deer Park—First State Bank (succeeded Bank of Deer Park); capital, $25,000; Pres., P. J. Kelly; Vice-Pres., L. Olson; Cashier, W. J. Just; Asst. Cashier, J. A. Renthurger.

Hoquiam—Hoquiam Trust Co.; capital, $50,000; Pres., J. S. McKee; Vice-Pres., J. O. Stearns; Treas., S. M. Heath.

WISCONSIN.

Evansville—Farmers and Merchants' State Bank; capital, $25,000; Pres., James Gillies; Vice-Pres., C. F. Miller; Cashier, R. D. Hartley.

Pewaukee—Pewaukee State Bank; capital, $10,000; Pres., F. Ely; Vice-Pres., J. I. Gates; Cashier, John Morrow.

St. Cloud—State Bank of St. Cloud; capital, $20,000; Pres., A. Dameider; Vice-Pres., F. J. Egerer; Cashier, A. C. Kingston.

WYOMING.

Basin—Basin State Bank (successor to State Loan and Trust Co.); capital, $50,000; Pres., B. F. Perkins; Vice-Pres., H. C. Bostwick; Cashier, A. Higby; Asst. Cashier, B. B. Morton.

CANADA.

ONTARIO.

Fort William—Imperial Bank of Canada; Mngr., H. C. Houston.

Parkdale—Metropolitan Bank; Mngr., R. R. Corson.

Peterboro—Dominion Bank; Mngr., John Crane.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Atmore—Bank of Atmore; E. F. Goldsmith, Cashier, in place of M. M. Brooks, deceased.

ARKANSAS.

Fayetteville—First National Bank; E. F. Ellis, Pres., in place of J. T. Hight.

CALIFORNIA.

Eureka—First National Bank; S. I. Allard, Pres., in place of A. B. Hammond; G. W. Fenwick, Vice-Pres., in place of S. I. Allard.

Fullerton—Farmers and Merchants' Bank; F. H. Daley, Cashier, in place of Arthur Staley, resigned.

Gilroy—Bank of Gilroy; H. Hecker, Pres., in place of L. A. Whitehurst, deceased.

Redlands—Citizens' National Bank; O. W. Fox, Asst. Cashier, in place of H. R. Scott.

Riverside—Riverside Savings Bank and Trust Co.; C. O. Evans, Sec'y, in place of T. S. Breckenridge, resigned.

San Francisco—Citizens National Bank; title changed to Bank of San Francisco.—Swiss-American Bank; Henry Brunner, Pres., in place of Chas. Maggini, deceased.

San Jacinto—First National Bank; no Pres. in place of E. H. Spoor, deceased.

San Jose—Security State and Savings Bank; W. J. Edwards, Cashier, in place of E. T. Sterling, resigned.

Santa Paula—First National Bank; C. H. McKevett, Pres., deceased.

COLORADO.

Fowler—First National Bank; J. S. Solseth, Pres., in place of F. M. Weiland.

Glenwood Springs—First National Bank; Louis Schwartz, Vice-Pres.

Telluride—First National Bank; O. P. M. Biersach, Asst. Cashier.

Windsor—First National Bank; W. Staley, Cashier, in place of F. N. Briggs; J. H. Kennedy, Asst. Cashier.

CONNECTICUT.

New Haven — National Tradesmen's Bank; W. A. Spalding, in place of W. T. Fields.—New Haven Savings Bank; L. H. English, Pres., in place of S. E. Mervin.

Waterbury—Waterbury National Bank; W. B. Merriman, Asst. Cashier.

FLORIDA.

Pensacola—Citizens' National Bank; C. L. Wiggins, Vice-Pres., in place of T. E. Welles.

GEORGIA.

Lawrenceville — Brand Banking Co.; capital increased from $35,000 to $50,000.

IDAHO.

Blackfoot—First National Bank; I. J. Riley, Vice-Pres.

Coeud d' Alene—First National Bank; Rufus Jackson, Cashier, in place of H. A. Kunz.

Meridian — Meridian Exchange Bank; capital increased from $10,000 to $25,000.

ILLINOIS.

Aledo—Aledo Bank; Chas. W. Detwiler, Pres.

Cambridge—Farmers' National Bank; R. H. Hinman, Pres., in place of L. H. Patten; Geo. W. Hutchinson, Vice-Pres., in place of H. R. H. Hinman.

Chicago — Drovers' Deposit National Bank; Jno. Fletcher, Asst. Cashier.

Cobden—First National Bank; L. Walker Cashier, in place of R. E. Gillespie.

Jacksonville—Ayers National Bank; A. L. French, Pres., in place of Jno. A. Ayers; D. R. Browning, Vice-Pres., in place of E. S. Greenleaf; Jno. A. Ayers, Vice-Pres., in place of D. R. Browning; F. J. Heinl, Asst. Cashier.

La Harpe—First National Bank; James McKinney, Second Vice-Pres.

Le Roy—First National Bank; H. H. Crumbaugh, Pres., in place of Fred Collison; J. M. Grizzell, Second Vice-Pres.

Lewiston—Lewiston National Bank; J. J. McNally, Cashier, in place of W. H. Rhodes.

Mansfield—First National Bank; no Pres. in place of W. D. Fairbanks; C. M. Dauberman, Vice-Pres.; R. M.

Sherrard, Cashier, in place of C. M. Dauberman; Mary Champion, Asst. Cashier, in place of M. S. Champion.

Pontiac—Pontiac State Bank; W. J. Butler, Cashier, in place of W. F. Van Buskirk, resigned.

Potomac—Potomac National Bank; W. C. Messner, Cashier, in place of Bart Rice; Albt. Rice, Asst. Cashier.

Tamaroa—First National Bank; J. W. Haines, Vice-Pres.; C. A. Hoyt, Cashier, in place of J. W. Haines.

INDIANA.

Attica—Citizens' National Bank; title changed to Central National Bank.

Carmel—Citizens' Bank; title changed to Citizens' State Bank.

Madison—People's Trust Co.; capital increased from $50,000 to $80,000.

South Bend—Merchants' National Bank; C. A. Dolph, Vice-Pres., in place of A. P. Sibley; no Asst. Cashier in place of F. Van Steenbergh.

INDIAN TERRITORY.

Collinsville—First National Bank; E. Pleas, Pres., in place of W. S. Edwards; J. M. Colburn, Vice-Pres., in place of H. F. Johnson; Geo. L. Hicks, Asst. Cashier, in place of E. C. Johnson.

Lindsay—Lindsay National Bank; Ira C. Bryant, Cashier, in place of L. M. Dozier.

Talihina—First National Bank; Arthur Bailey, Vice-Pres., in place of A. G. Gladney.

Tishomingo—First National Bank; J. T. Sadler, Vice-Pres., and D. C. Teter, Cashier, in place of H. C. Schultz.

Tulsa—First National Bank; W. R. Ritchie, Asst. Cashier.

IOWA.

Buffalo Center—Buffalo Center State Bank; Dan Kelley, Asst. Cashier, in place of F. C. Kickul, resigned.

Fontanelle—First National Bank; J. E. Brooks, Cashier, in place of R. R. Tuttle.

Holstein—Holstein Savings Bank; capital increased to $60,000.

Lake City — Citizens' Bank; Arthur Bruce, Asst. Cashier, in place of R. F. Townsend.

Northwood—First National Bank; J. O. E. Johnson, Asst. Cashier, in place of E. H. Evanson; L. O. Groe, Asst. Cashier.

Ringsted — Danish-American Savings Bank; J. W. Sullivan, Pres.

Swea City—State Bank of Swea City; O. R. Rawley, Cashier, in place of Joseph Sherman.

Wall Lake—Wall Lake Savings Bank; C. J. Naumann, Cashier, in place of G. D. Newby.

KANSAS.

Chetopa — Chetopa State Bank; I. Brown, Cashier; J. M. Morgan, Asst. Cashier.

Goff—First National Bank; Peter Hamilton, Pres., in place of L. D. Allen; A. H. Fitzwater, Vice-Pres., in place of Geo. Calhoun.

Hays City—First National Bank; no Vice-Pres. in place of J. C. Adkins.

Olathe—First National Bank; J. L. Pettyjohn, Pres., in place of L. W. Breyfogle; A. G. Carpenter, Vice-Pres., in Place of J. L. Pettyjohn.

LOUISIANA.

Abbeville—Bank of Abbeville; L. O. Broussard, Pres. and Cashier, in place of I. Wise, deceased.

Opelousas—St. Landry State Bank; L. T. Castille, Cashier, in place of J. Jacobs; L. Simon, Asst. Cashier.

MAINE.

Machias—Machias Savings Bank; P. H. Longfellow, Pres., in place of Geo. W. Dritko, resigned; C. B. Donworth, Vice-Pres.

MARYLAND.

Catonsville—First National Bank; V. G. Bloede, Pres., in place of C. G. W. Macgill, deceased; J. Hann, Jr., Vice-Pres., in place of V. G. Bloede.

MASSACHUSETTS.

Methuen—National Bank of Methuen; Jno. D. Emerson, Cashier.

Northampton — Northampton National Bank; Chas. N. Clark, Pres., in place of O. Edwards; W. M. King, Vice-Pres., in place of C. N. Clark.

Orange—Orange Savings Bank; A. W. Ballou, Pres., in place of F. L. Waters, deceased; T. W. Bridge, Vice-Pres.

Pittsfield—Berkshire Loan and Trust Co.; C. E. Hibbard, Pres.; B. M. England, Vice-Pres.

Waltham—Waltham National Bank; H. P. Buncher, Cashier, in place of J. F. Gibbs; F. G. Stickney, Asst. Cashier, in place of H. P. Buncher.

Winchendon—First National Bank; Z. L. White, Pres., in place of J. H. Fairbank, deceased.

MICHIGAN.

Detroit—Old Detroit National Bank; E. H. Flinn, Vice-Pres., in place of T. D. Buhl, deceased; Hy. P. Baldwin, Second Vice-Pres., in place of E. H. Flinn.

MINNESOTA.

Blue Earth—Blue Earth State Bank; Geo. A. King, Asst. Cashier.

Braham—First National Bank; N. E. Anderson, Asst. Cashier, in place of O. A. Olson.

Eagle Bend—First National Bank; O. M. Lofgren, Asst. Cashier, in place of W. S. Lee.

Le Sueur Center—First National Bank; no Vice-Pres. in place of W. H. Jaeger; W. H. Jaeger, Cashier, in place of S. H. Whitney; Wm. Lloyd, Asst. Cashier.

New Auburn—State Bank; H. Walters, Cashier, in place of A. A. Hubbard.

Richville—Bank of Richville; L. W. Oberhauser, Pres.; C. W. Higley, Vice-Pres.

St. Cloud—Stearns County State Bank; succeeded Stearns County Bank.

St. Vincent—Farmers and Merchants' State Bank; A. S. Newcomb, Asst. Cashier.

Twin Valley—First National Bank; C. M. Sprague, Vice-Pres., in place of A. H. Froshang.

Utica—First Bank; title changed to First State Bank.

MISSISSIPPI.

Greenwood—First National Bank; E. M. Purcell, Cashier, in place of L. T. McShane.

New Albany—Merchants and Farmers' Bank; K. Owen, Cashier; G. T. Robbins, Asst. Cashier.

Vicksburg—American National Bank; B. B. Willis, Pres., in place of E. S. Butts, deceased.

MISSOURI.

Cameron—First National Bank; W. A. Conklin, Vice-Pres., in place of J. C. McCoy; J. C. McCoy, Cashier, in place of A. T. Gantz.

Deepwater—Bank of Deepwater; Pres., W. Griffith; Cashier, M. B. Witherspoon; Asst. Cashier, H. O. Ostermeyer.

Eldorado Springs—Cruce Banking Co.; C. W. Hamline, Cashier.

Fayette—Commercial Bank; capital increased to $20,000.

King City—Citizens' National Bank; K. McKenny, Pres., in place of A. G. Bonham; J. W. Liggett, Vice-Pres., in place of K. McKenny.

Kirksville—Kirksville Savings Bank; V. J. Howell, Cashier, in place of F. J. Wilson, deceased.

Linneus—Farmers and Merchants' Bank; W. B. Craig, Cashier, in place of R. W. Hawkins.

St. Louis—Franklin Bank; Geo. T. Riddle, Vice-Pres., in place of Jno. B. Woesterman, deceased.

MONTANA.

Butte—Daly Bank and Trust Co.; Jno. G. Morony, Pres., in place of C. F. Booth, deceased.

Harlem—First National Bank; J. A. Hatch, Cashier, in place of C. E. Owens.

NEBRASKA.

Cotesfield—First State Bank; Pres., C. C. Hansen; Vice-Pres., Thos. Blanchard; Cashier, L. C. Madsen.

Denton—Denton State Bank; C. M. Rowland, Cashier, in place of C. S. Krondle.

Havelock — Farmers and Mechanics' Bank; Pres., F. Whittemore; Vice-Pres., J. A. Aspegren; Cashier, V. F. Hofmann; Asst. Cashier, F. R. Beebe.

Ravenna—State Bank of Ravenna; R. M. Thomson, Asst. Cashier, in place of W. F. Richardson.

Sargent—First National Bank; H. E. O'Neill, Pres., in place of F. H. Young.

NEW JERSEY.

Sussex—Farmers' National Bank; Frank Holbert, Cashier, in place of G. S. Holbert.

NEW YORK.

Brooklyn—First National Bank; G. W. Field, Cashier, in place of Isaac Hamburger.—People's Trust Co.; Chas. A. Boody, Pres., in place of Edw. Johnson, deceased.

Chateaugay—Bank of Chateaugay; I. M. Warren, Cashier, deceased.

Marathon—First National Bank; F. E. Whitmore, Vice-Pres., in place of G. P. Squires, deceased.

New York—Beaver National Bank; J. B. Jones, Vice-Pres., in place of S. H. Vandergrift.—Franklin Savings Bank; A. Turner, Pres., deceased.—Lincoln Trust Co.; Frank Tilford, Pres., in place of H. R. Wilson, resigned.—

Nassau Bank; Jno. Monroe, Vice-Pres.—R. E. Robinson; succeeded Dick & Robinson.

New Rochelle—National City Bank; Geo. W. Lippencott, Asst. Cashier.

Port Jefferson—First National Bank; Hy. C. Tinker, Vice-Pres.

Vernon—National Bank of Vernon; J. C. Ward, Asst. Cashier.

Watertown—Watertown Savings Bank; I. L. Hunt, Pres.

NORTH CAROLINA.

Concord—Concord National Bank; Jno. P. Allison, Vice-Pres., in place of J. M. Odell.

Newbern—Citizens' Bank; consolidated with Newbern Banking and Trust Co., under latter title.

Winston-Salem — People's National Bank; J. Walter Dalton, Asst. Cashier, in place of F. W. Stockton.

NORTH DAKOTA.

Enderlin—First National Bank; consolidated with Enderlin State Bank, under latter title; capital, $50,000.

Grand Forks — Scandinavian-American Bank; O. S. Hansen.

Lankin—First State Bank; S. B. Overly, Pres.

Lansford—First National Bank; Jno. S. Tucker, Pres., in place of H. F. Opfer; J. W. G. Anderson, Vice-Pres., in place of Jno. S. Tucker; no Asst. Cashier in place of J. L. Opfer.

Rogers—First State Bank; O. Waller, Cashier, in place of C. E. Lange.

Sarles—State Bank of Sarles; succeeded First Bank.

OHIO.

Delaware—Delaware National Bank; V. T. Hills, Pres., in place of S. Moore; L. L. Denison, Vice-Pres., in place of V. T. Hills.

Lockland—First National Bank; L. F. Mohr, Cashier, in place of L. M. Sanford.

Marion—City National Bank; L. D. Zachman, Asst. Cashier — Marion County Bank Co.; Wm. H. Schaffner, Pres.

Milan—Milan Banking Co.; L. L. Stoddard, Pres., deceased.

Mount Vernon—New Knox National Bank; D. B. Kirk, Pres., in place of J. S. Ringwalt; D. E. Sapp, Vice-Pres., in place of D. B. Kirk.

Newark—Licking County Bank and Trust Co.; Wm. C. Miller, Cashier, in place of W. Gard, resigned.

New Holland—First National Bank; A. T. Vincent, Vice-Pres., in place of I. N. Beatty.

OKLAHOMA.

Blackwell—First National Bank; M. L. Fife, Vice-Pres., in place of Chas. Day.

Clinton—Clinton National Bank; Chas. H. Nash, Cashier, in place of W. A. Tefft.—First National Bank; O. H. Thurmond, Pres., in place of T. J. Nance; C. E. Gannaway, Vice-Pres., in place of E. N. Titsworth.

Eldorado—First National Bank; C. S. Highsmith, Cashier, in place of W. P. Thurmond.

Guymon—First National Bank; N. E. Nance, Cashier, in place of S. Denny.

Lawton—Lawton National Bank; A. B. Dunlap, Vice-Pres., in place of W. F. Moffatt; N. T. Gilbert, Cashier, in place of T. H. Dunn.

Tonkawa—First National Bank; J. J. McGraw, Vice-Pres., in place of C. R. Brooks; R. P. Baughman, Vice-Pres.; F. E. Cragin, Cashier, in place of W. A. Brooks.

OREGON.

Coquille—First National Bank; O. C. Sanford, Asst. Cashier.

Joseph—First National Bank; A. Wade, Vice-Pres., in place of A. Wurzweiler.

Portland—Merchants' Investment and Trust Co.; title changed to Merchants' Savings and Trust Co.—Title Guarantee and Trust Co. Savings Bank; title changed to Title Guarantee and Trust Co.

Vale—First National Bank; W. R. Wilkinson, Vice-Pres., in place of J. E. Lawrence.

PENNSYLVANIA.

Bentleyville — Bentleyville National Bank; no cashier in place of J. T. Neel.

Blacklick—First National Bank; C. E. Wiley, Cashier, in place of W. H. Ashbaugh.

Conemaugh—First National Bank of East Conemaugh; D. W. Brallier, Vice-Pres., in place of F. A. Cresswell.

Doylestown—Doylestown National Bank; Jno. G. King, Cashier, in place of W. H. Garges; also Pres.

Elkland—Pattison National Bank; J. D. Campbell, Vice-Pres., in place of Jerome Bottom, deceased.

Ellsworth—National Bank of Ellsworth; E. A. S. Clarke, Pres., in place of J.

W. Ellsworth; J. P. Higginson, Second Asst. Cashier.

Greenville—Greenville National Bank; L. Henlein, Cashier; no Asst. Cashier in place of L. Henlein.

Lebanon — Jonestown Bank; Hiram Bross, Vice-Pres., deceased.

New Castle—Union National Bank; J. E. Aiken, Cashier, in place of C. F. Wheeler.

Newport—Citizens' National Bank; W. H. Gantt, Pres., in place of Jno. Fleisher; C. A. Rippman, Vice-Pres., in place of W. H. Gantt.

Philadelphia—National Deposit Bank; F. M. Peet, Pres., in place of J. F. Finney.

Phoenixville—Farmers and Mechanics' National Bank; E. L. Buckwalter, Pres., in place of I. J. Brower; H. F. Ralston, Vice-Pres., in place of E. L. Buckwalter.

Pittsburg—Colonial Trust Co.; Nathan G. Eyster, Asst. Sec'y.—Pittsburg Trust Co.; D. Gregg McGee, Treas., in place of Chas. H. Hays.

Pittston—People's Savings Bank; James J. Polen, Pres., deceased.

Scranton—Brooks; Reece C. Brooks, deceased.

Slippery Rock—Citizens' National Bank; H. R. Smith, Cashier.

Sykesville—First National Bank; Ruth M. Sykes, Asst. Cashier.

RHODE ISLAND.

Providence—Fourth National Bank; W. B. Mann, Cashier, in place of Thos. Boyd, Jr.; no Asst. Cashier in place of W. B. Mann.

Slatersville—First National Bank; Sullivan Wilson, Vice-Pres., in place of J. W. Prichard, deceased.

SOUTH CAROLINA.

Abbeville—National Bank; H. G. Smith, Cashier, in place of B. S. Barnwell; Lewis Perrin, Asst. Cashier.

Greenwood—First National Bank; title changed to National Loan and Exchange Bank.—National Loan and Exchange Bank; J. T. Medlock, Pres.. in place of S. H. McGhee; S. H. McGhee, Vice-Pres., in place of N. A. Craig; J. T. Simmons and K. Baker, Vice-Pres's.

SOUTH DAKOTA.

Huron—Standard Savings Bank; Pres., C. E. Bryant; Cashier, Geo. C. Fullinweider; Asst. Cashiers, H. J. Moway and W. S. Davis.

Vienna—First National Bank; A. M. Sogu, Pres., in place of H. G. Eggen.

Waubay—First National Bank; B. F. Herington, Pres., in place of A. C. Davis; H. S. Guernsey, Vice-Pres., in place of B. F. Herington; M. Rexford, Cashier, in place of E. F. Guernsey; no Asst. Cashier in place of H. S. Guernsey.

TENNESSEE.

Gallatin—First National Bank; R. E. Donnell, Vice-Pres.; Will B. Brown, Asst. Cashier, in place of F. J. Hutchinson.

Jellico—First National Bank; A. B. Mahan, Pres., in place of Sam C. Baird.

Paris—Bank of Henry; Z. T. Gatlin, Pres., in place of A. B. Lamb, resigned.

Sparta—American National Bank; J. L. Nowlin, Cashier, in place of J. H. Anderson; C. M. Anderson, Asst. Cashier.

TEXAS.

Brownwood—Citizens' National Bank; J. B. Turner, Second Vice-Pres.; F. S. Abney, Cashier, in place of G. B. Davidson; no Asst. Cashier in place of F. S. Abney.

Celeste—First National Bank; no Cashier in place of H. E. Jones.

Cleburne—National Bank; S. B. Norwood, Pres., in place of W. F. Ramsey; J. C. Blackeney, Cashier, in place of S. B. Norwood.

Dallas—Commonwealth National Bank; C. J. Sorrells and I. H. Kempner, Vice-Pres.; J. R. Bower, Asst. Cashier.

Decatur—First National Bank; J. A. Simmons, Asst. Cashier.

Eagle Lake—Vineyard, Walker & Co.; L. V. Hahn, Cashier.

Galveston—Galveston National Bank; C. J. Wolston, Vice-Pres., in place of Guy M. Bryan; B. Groce, Vice-Pres.; J. H. Strother, Cashier, in place of C. J. Wolston; no Asst. Cashier in place of B. Groce.

Killeen—First National Bank; no Asst. Cashier in place of Jno. McDowell.

Laredo—Laredo National Bank; R. K. Mims, Cashier, in place of C. Buttron, deceased; B. M. Alexander, Asst. Cashier, in place of R. K. Mims.

Marfa—Marfa National Bank; A. S. Prescott, Cashier in place of J. R. Sanford, Acting Cashier.

Mt. Pleasant—Merchants and Planters' National Bank; no Asst. Cashier, in place of J. M. Keith.

Naples—Naples National Bank; G. B. Martin, Vice-Pres., in place of C. H. Bolin.

Pearsall—Pearsall National Bank; Geo. H. Beever, Asst. Cashier.

Robert Lee—First National Bank; J. A. Clift, Asst. Cashier.

San Antonio—Woods National Bank; W. W. Collier, First Vice-Pres.; T. G. Leighton, Asst. Cashier, in place of J. H. Haile.

San Marcos—First National Bank; H. J. Williamson, Asst. Cashier, in place of S. A. Perkins.

San Saba—First National Bank; U. M. Sanderson, Cashier, in place of J. H. Whitis.

Stratford—First National Bank; J. P. Reeder, Pres., in place of F. Watson.

Whitney—First National Bank; P. M. Greenwade, Vice-Pres.

Wolf City—Wolf City National Bank; Ula Bush, Cashier, in place of C. B. King.

UTAH.

Salt Lake City—Utah National Bank; W. W. Trimmer, Asst. Cashier.

VERMONT.

Randolph—Randolph National Bank; O. B. Copeland, Pres., in place of W. H. Du Bois.

VIRGINIA.

Charlottesville—Bank of Albermarle; R. T. Martin, Cashier, in place of C. D. Fishburne, deceased.

WASHINGTON.

Goldendale—State Bank; L. T. Gillett, Pres., in place of K. C. Gillett, deceased.

Spokane—Exchange National Bank; Edwin T. Coman, Vice-Pres.

WISCONSIN.

Marshfield—First National Bank; B. F. McMillan, Pres., in place of Adam Hafer.

Superior—Union Commercial and Savings Bank; Sam Olson, Pres., in place of Homer F. Fowler, resigned.

Waupum—State Bank of Waupum; J. J. Roberts, Pres.; F. W. Luck, Cashier.

CANADA.

ONTARIO.

Windsor—Sovereign Bank of Canada; Mngr., E. R. Dewart.

QUEBEC.

Montreal—Union Bank of Canada; F. W. Stratley, Mngr., in place of F. W. Ashe.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

ALABAMA.

Thomasville—Citizens' National Bank; in voluntary liquidation, June 1, 1907. —First National Bank; in voluntary liquidation, June 1, 1907.

CALIFORNIA.

Hermon—Highland National Bank; in voluntary liquidation, May 14, 1907.

San Francisco—Citizens' National Bank; in voluntary liquidation, June 1, 1907.

MINNESOTA.

Minneapolis — Minnesota Title, Insurance and Trust Co.; in hands of receiver, March 25, 1907.

OKLAHOMA.

Berlin—Berlin Exchange Bank; closed.

Hamburg—Washita Valley Bank, closed.

PENNSYLVANIA.

Braddock—Union National Bank; in voluntary liquidation, June 3, 1907.

TEXAS.

Yoakum—First National Bank; in voluntary liquidation, May 18, 1907.

CANADA.

MANITOBA.

Norwood—Canadian Bank of Commerce; closed.

THE
BANKERS' MAGAZINE
ELMER H. YOUNGMAN, Editor

SIXTY-FIRST YEAR AUGUST, 1907 VOLUME LXXV, NO. 2

THE NORTH CAROLINA RAILWAY CONTROVERSY.

CONSEQUENCES of a grave character are involved in the controversy growing out of the attempt of the State of North Carolina to enforce a maximum rate of two and one-quarter cents per mile for carrying passengers on the railways in that state. Arrest and criminal prosecution of agents selling tickets at a greater rate than the law permits have been resorted to by the state authorities, but the Federal court has enjoined the enforcement of the law until its constitutionality is determined, providing that tickets sold at a higher rate than fixed by law shall have coupons affixed entitling the holders to a return of the excess of fare over the legal limit of the law shall be upheld. Manifestly, if the law were enforced, pending the result of the litigation, the railway companies would find it impossible to recover the full amount of the fares to which they would be entitled in the event of a favorable decision. An arrangement, therefore, that preserves the rights of both parties to the controversy would seem to be judicially sound and in accord with the principles of fair play.

A similar conflict arose between the people of the city of New York and a gas company, and pending a settlement by the courts, an arrangement was made to pay for gas at the higher rate until it could be determined whether the legislature in reducing the rate had invaded the company's rights—the excess over the price fixed by law to be returned to consumers in the event of a decision adverse to the company.

Under one pretext or another, the rights of property are being undermined, and this controversy in North Carolina will be watched with deep concern. The states have an undoubted right to exercise a reasonable regulation of railway traffic within their own borders, but when this regulation becomes practically confiscatory, it goes too far. There is one competent tribunal to determine such matters—the Supreme Court of the United States—and its decisions will be binding upon all parties.

The provisions of the Constitution of the United States are calculated to impose salutary restraints upon those state legislatures which seek to confiscate the property of corporations and individuals who may be deemed over-rich, and these provisions will probably have to be frequently appealed to in the near future, judging from the temper of the times

LATER developments in regard to the litigation between the Southern Railway Company and the State of North Carolina give the controversy something of a political aspect. The railway surrendered to the demands of Governor GLENN, and while the appeal is pending will put the reduced rate into effect.

It seems probable that had the Southern Railway not yielded on this point, a special session of the legislature would have been called and the charter of one of the company's leased lines, within the State, would have been repealed. Had a compromise not been reached, a conflict between the State and Federal governments might have resulted—a possibility from which only ANDREW JACKSON and GROVER CLEVELAND would not have shrunk.

By surrendering its constitutional rights the railway company has helped the Republican party to escape the political odium that might have attached to the use of force to compel respect for the mandates of the Federal court had such a course become necessary.

From an impartial standpoint, seeing that the railroad company can not recover whatever losses it may suffer from the reduction of fares, even though the final decision may be in its favor, and on the other hand that the public could have lost nothing in the event of a decision in the State's favor, it seems that the enforcement of the reduced rate should, properly, have been held in abeyance until the Supreme Court of the United States had passed on the constitutionality of the law.

Aside from the merits of the controversy, it has developed one forceful character whose vigorous insistence on the observance of the law of his state will make him a conspicuous figure in national politics. Neither the power of a great railway corporation nor the possibility of a conflict with the Federal authorities could swerve Governor GLENN from doing what he believed to be his duty.

EXAMINATION of banks at the instance of clearing-houses of which they are members, while not a new idea, is gradually being extended and promises to become an important means of improving banking conditions throughout the country. In an address before the convention of the Washington State Bankers' Association recently held at Spokane, JOSEPH CHAPMAN, JR., cashier of the Northwestern National Bank of Minneapolis, said:

"One of the many sane signs of the times, looking towards regulating and controlling the evils which have crept into the banking world as a result of the mad race for the almighty dollar, is the clearing-house examination adopted by Chicago and under which Minneapolis is now operating. As a result of the Walsh failure in Chicago, the clearing-house association of that city employed an expert examiner, together with assistants, whose duty it should be to examine the banks of that association, together with any bank clearing through a member of the association, which practically includes every bank in Chicago. The moral effect was at once felt in the absconding of STENSLAND, president of the Milwaukee Avenue Savings Bank, who knew what the effect of such an examination would be. Every thief and crook is a coward and they won't stay around when they know some one with authority is looking for them with the 'big stick.' The plan is working admirably in Chicago, and since its adoption in Minneapolis in February it has proven its merit, and no sore spot will be allowed to grow and fester until it pollutes the entire business of a bank. 'An ounce of prevention is worth a pound of cure,' and the Clearing-House of Minneapolis has said by this action that no bank can exist in that city that does not conduct its business along legitimate banking lines. There is no reason why a shyster banker, by his criminal management of a bank, should be allowed to jeopardise the legitimate banking business of a community and intelligent clearing-house supervision will prevent this sort of calamity.

After examination of a bank, the report is read, first to the directors of the bank itself, and then to the clearing-house committee. If the condition of the bank is entirely satisfactory to the examiner, he so reports it to the committee. If the condition is not satisfactory he reports the criticisms, and if the clearing-house committee endorse the criticisms, the bank is so advised and asked to remedy the matter and to reply over the signatures of its board of directors. Failure to comply loses the bank the privileges of the clearing-house.

This clearing-house supervision, if intelligently, tactfully and firmly administered, will do much to remove the demand for government guaranty of deposits or for postal savings banks, neither of which would be satisfactory to the people of this country."

An examiner acting under the authority of a clearing-house association can make a much more thorough inspection of a bank's condition than can ordinarily be made by the national and state bank examiners who have a large field to cover. Besides, the clearing-house examiner will probably always be an expert, while the official examiners are not in all cases competent to make thorough examinations.

This system of examination might be extended to all cities having clearing-house organizations, and could also probably be introduced by the state bankers' associations, particularly in those states having the group form of organization. By united action all the banks of the country could afford to employ qualified bank accountants to make frequent examinations, as the expense would be reduced if an examiner were not compelled to travel over great distances as is now the case.

Examinations are not a panacea for bank failures or defalcations, but they do indisputably lessen the losses from these sources, and if the banks themselves, through the clearing-houses or other organizations, would provide for a system of examinations to supplement the official inspections, these losses would be further reduced and the deposits and profits of the banks would grow as a result of the improved banking methods that would be developed if the business were under the scrutiny of trained bank inspectors.

COUNTRY banks sustain relations to their depositors, in many cases, quite different from those existing between a city bank and its dealers. As was said by Mr. J. H. ALBERT, president of the Capital National Bank, Salem, Ore., in an address before the recent convention of the Washington State Bankers' Association:

"Particularly in small places the bank must be interested in other businesses. It may be the fruit business, or the lumber business, or some other business; but the bank must be loyal to the county, loyal to the town; and when in the banker's judgment, which should be good—if it is not it should be—when his judgment leads him to believe that certain things need fostering, he should enter into them and give them the support of his bank, and he should invest to a certain extent and be a factor in their growth. I believe that this is the way to build up the business. Now, I believe that I am addressing more country bankers than I am city bankers, and that you all know how it is yourselves, and you know well enough that the bank stands in a very important position to the interests of your town, because your business depends upon it; and I believe that these duties are as incumbent upon the banker as the duty of watching the strong-box. The influence of one man may be very great in a community, and I know of communities where the development of vast interests has depended upon the encouragement of a banker."

Mr. ALBERT further said that he believed it was safer and better to lend money at home than anywhere else.

The country banker, in the view above taken, has something more to do than to look after the security of his loans—though that is always the first consideration. He must be able to judge of the character and business capacity of his borrowers and to gauge the probabilities of success of the various enterprises in which they are engaged. He not only fosters those enterprises that he believes to be promising, but invests his own money in them. All this requires a degree of sagacity that entitles the successful country banker to a high degree of respect.

The exercise of sound judgment in aiding the development of enterprise has made the country banker one of the strong factors in the rapid and healthy growth of business in the United States. Generally, the managers of our banks are not importations; and while they may lack some of the theoretical knowledge of the trained professional banker, this deficiency is more than commpensated for by their practical comprehension of the conditions and men with whom they have to deal. Coming into close personal contact with the people of their respective communities, they are able to separate the industrious from the lazy, and the successful from the incompetent. They know, by observation, what crops will grow on certain soils, what the profits will be and what kinds of business will thrive. By employing this knowledge, primarily for the benefit of their banks, the bankers render a real service to the community in promoting those industries best adapted to particular localities, and they often confer an unsuspected benefit upon an individual by preventing him from engaging in some undertaking to which he is unsuited, or for which he lacks the necessary capital.

THE Court of Appeals of New York, in a late case brought by the receiver of the defunct Federal Bank (Schlesinger vs. Gilhooly, 189 N. Y. 1) had before it the question whether the maker of a note which has been discounted by a bank can set up as a defense that the transaction between him and the payee, from whom the bank received the paper, was usurious. Upon this point the judges were divided. Four of them held that no such defense was allowable, while three of them held that it was. Three of the judges who considered that usury in the inception of the note would not affect the rights of the bank, put their decision upon the ground that the bank was protected by the provision of the Banking Law which declares that in this respect the rule applicable to the national banks shall apply also to the state banks; but the fourth judge placed his decision upon the provision of the Negotiable Instruments Law that "A holder in due course holds the instrument free from any defect of title of prior parties, and free from defenses available to prior parties among themselves, and may enforce payment of the instrument for the full amount thereof from all parties liable thereon." (Sec. 96.) And Chief Judge Cullen, who was one of the judges who held the defense of usury good, said: "If, however, the decision in this case were to proceed on the effect of the Negotiable Instruments Law, I should confine myself to the expression of my vote. Though I cannot concur in such a decision, I appreciate that it would eliminate from the usury laws their most harsh and drastic features, and probably be far more just than the provisions of the old law."

It is to be regretted that all of the judges did not take the opportunity to hold that now, under the Negotiable Instruments Law, usury and all similar defenses, while still good as between the immediate parties, are not available when the paper is in the hands of a holder in due course. The business of the country imperatively requires that commercial paper shall circulate freely, and that banks and others may make advances thereon without being affected by dealings of which they can have no knowledge. Such a decision was made by the Court of Appeals of the District of Columbia in Wirt vs. Stubblefield (17 App. Cas. D. C. 283), where it was decided that under the Negotiable Instruments Law a *bona-fide* holder may enforce a promissory note against the maker even though the note was given for a gambling debt, and that the act repealed the former law on this subject. Chief Justice Alvey said: "The great object sought to be accomplished by the enactment of the statute was to free the negotiable instrument, as far as possible, from all latent or local infirmities that would otherwise inhere in it to the prejudice and disappointment of innocent holders as against all the parties to the instrument professedly bound thereby. This clearly could not be effected so long as the instrument was rendered absolutely null and void by local statute, as against the original maker or acceptor."

This view was also approved by Judge Laughlin, writing a concurring opinion in the case of Schlessinger vs. Kelly (14 App. Div. [N. Y.] 553). For the good of the business community it is to be hoped that this is the rule which will ultimately prevail. The words of the Negotiable Instruments Law are clear and explicit, and it is only a disposition on the part of the courts to apply technical rules of construction that creates the difficulty.

COMPLAINTS are heard both in this country and elsewhere of the growing inefficiency of labor, coupled with a tendency to demand higher wages. In Great Britain the workmen are said to call every year for less work, more pay and more beer. There is a growing inability among employers to resist these persistent demands for higher wages and a shorter work day. Recently President MELLEN of the New York, New Haven & Hartford Railway Company stated that while there had been of late a considerable advance in the wages of the company's employees, there had not been a corresponding efficiency in the services received—on the contrary, the latter had materially deteriorated. Similar testimony to the lessened efficiency of labor was given by President McDougal in his address before the last annual convention of the New York State Bankers' Association.

The struggle for increased wages is a natural consequence of the greater cost of living, though it may be questioned whether that is, upon the whole, the best way to meet this problem. It is, however, the remedy that the wage earner sees nearest at hand, and is the one with which he is most familiar.

With more money to spend, people naturally require a greater amount of leisure in which to spend it, and, therefore, the demand for a shorter day follows quite logically an increase of wages. It ought, perhaps, to be said that the tension under which modern industrial operations are conducted makes this demand for a reduction in the hours of daily labor much less unreasonable than it would otherwise seem. To work eight hours a day under the stress of business or industry as conducted in a large city may be far more exhausting than to work twelve hours at the pace customary in a sleepy village.

But if the tendency of labor is toward inefficiency, that may well excite grave concern. Few can have failed to notice the growing difficulty of getting satisfactory service in the more elementary forms of labor. This may be due to the fact that many workers who in ordinary times would be available for the performance of work of this character, have been pressed into service in the upper ranks among skilled workmen, owing to the great activity in constructive enterprise.

If, however, we are to accept the views quoted, there is also a tendency toward lessened efficiency among the skilled laborers of the country. This will operate to enhance the cost of production and reduce our ability to export goods.

This indisposition of workingmen to give a full day's work for a day's pay may originate in the existing spirit of antagonism to wealth. The employee whose mind is inflamed against his employer by incitements to class hatred sees a direct way of reducing his employer's income by shirking work, failing to see, however, that in the end such a course will inevitably curtail his own wages.

Whatever the cause may be any diminution of the efficiency of American labor is a matter worthy of serious consideration.

AMBITIOUS plans for aiding the money market have so engrossed the attention of the Secretary of the Treasury for some time that such trifling matters as the enforcement of the banking law seem to have been overlooked. The enforcement of law by executives selected for that purpose is much less spectacular and not so likely to command notoriety and applause as the adoption of some elaborate policy designed to carry out the peculiar ideas of the person happening to be in authority for the time being. The means which the Secretary of the Treasury has employed to relieve the money market have no doubt greatly enhanced the reputation of that officer for financial sagacity. He has obtained much more credit for employing these various devices than would have been given to him had he confined himself to the mere enforcement of existing laws. While this latter course would undoubtedly deprive the Secretary of considerable fame, it is nevertheless believed that it would be of great benefit to the banks and the business community.

For some months, in fact for several years, the banking reserves of the country have been at a low stage, and many of the banks have continually been below the legal requirement. By permitting the banks to infringe the law the Secretary of the Treasury has encouraged the extension of credit which has been such a marked feature of recent years. With money going out of the country as it has been of late, the present would seem to be an especially opportune time for compelling the banks of the country to live up strictly to the provisions of the reserve law, especially so as within a few months it will be necessary for them to trench upon their reserves in order to meet the extraordinary demands of the crop-moving season.

There is, of course, no doubt that the national bank reserve law was intended to be elastic, and no fault can be found with the Secretary of the Treasury for occasionally allowing the banks to show a deficit in their reserves, but when this condition is allowed to run on for months or years in succession, it becomes an evil, and the Secretary of the Treasury in permitting it to continue is overstepping the authority conferred upon him by law.

THE action taken by the Federal Government looking toward the dissolution of the Tobacco Trust will serve to open up the whole question of the trust form of organization, although with the gradual evolution that has been taking place in our industrial organizations in the past ten years or longer, it would seem that this matter might be regarded as having passed beyond the domain of discussion. Many kinds of business have become accustomed to the trust form of organization, and if it is now to be the policy of the State or Federal Government to break up these aggregations, very serious disturbance will be the result.

Laws prohibiting trusts have been on the state and Federal statute books for many years, but they have been so loosely enforced that but little hindrance to the growth of these organizations has been caused.

Now, however, there seems to be a determination upon the part of the authorities to compel obedience, not only to the laws regulating trusts, but to take such action as will result in the complete annihilation of these combinations. The harm that this may do to the business interests of the country after they have become accustomed to these new methods of production and distribution can hardly be overestimated. It would seem that the time to deal adequately with these problems was at an earlier stage of the movement. It may be plausibly suggested that there was not at that time sufficient experience with the trusts upon which to base a governmental policy with regard to them.

The anti-trust law has been in existence for many years, but until the accession of the present Administration but little was done towards its enforcement, and, relying upon apparent immunity from attack, the great business corporations have been built up. To dissolve them now by appointing receivers, as has been suggested, would not only involve much confusion, but at this late day it would probably be practically impossible to make an equitable division of the property. Moreover, an independent plant that has been merged with a trust would still be at a great disadvantage if it now had to begin business over again as an independent concern.

In most cases the trusts have no doubt shown a disposition to make excessive profits, and have also stifled competition. These are evils which the law might remedy without necessarily breaking up all of the great combinations. The real question is, whether the business of the country has grown to such an extent that it cannot longer be conducted under the old-fashioned competitive methods. Of course, no blame attaches to the Federal administration for seeking to enforce the law as it stands. If the people wish to have the trusts continued it will be necessary to alter the Sherman Anti-Trust Law which prohibits such combinations.

A great outcry has been raised against the trusts, but before placing all of them in the hands of receivers, it might be well to find out just what their effect has been upon the business progress of the country. It is certain that in the period wherein these aggregations of capital have assumed such large proportions the country has experienced greater industrial prosperity than ever before. This may be only a coincidence, but on the other hand it apparently indicates that the trusts are far from being a hindrance to prosperity.

RADICAL legislation in regard to railways on the part of many of the states is raising some interesting questions relating to the respective powers of the state and Federal governments. In North Carolina the railway ticket agents that are selling tickets at a greater rate than is authorized by the state laws have been criminally indicted notwithstanding injunctions issued by the Federal courts prohibiting such indictment. The right of the states to fix rates on local traffic would appear unassailable, but when tickets are sold to outside points, the state law would hardly apply. The point at issue, however, in North Carolina seems to hinge upon the constitutionality of the law fixing the rates for carrying passengers at a maximum of two and one-fourth cents per mile. Even upon purely state traffic such a rate could hardly be maintained if it can be made to appear that it practically confiscates the property of the railways.

This conflict of authority between the Federal and State governments which has arisen in respect to the railroads, is certain to extend to matters affecting interstate commerce. Some of the states are passing very drastic laws, practically making it a crime to sell trust-made products. This is bound to result in serious curtailment of trade if these laws shall be upheld by the courts. Upon equitable grounds it is difficult to see how legislation of this kind can be defended. The right to engage in business is not one derived from any lawmaking power, but is a natural right, and neither the state nor Federal government can prohibit it, except such prohibition can be justified upon grounds of protecting the public health and morals.

SPECIALIZATION in banking does not seem to have received much attention in this country, although it is a marked feature of the banking system of Japan and of several of the European countries. In the United States, even in the large cities, a bank, as a rule, takes any kind of business it can get, and only in exceptional cases caters to any special class in the business community.

With the vast increase in the population and wealth of the country and the enormous expansion of trade and industry, it becomes increasingly difficult for the manager of a bank to familiarize himself with the conditions specially affecting the prosperity of the numerous kinds of business represented by his bills receivable, and to keep posted on all the various elements that may cause fluctuations in his dealers' profits. A banker may know all about financing the production and marketing of fruits and vegetables and be wholly ignorant of the trade in clams and codfish. Others will know all about the sowing and harvesting of wheat and other grains but little about coal mining or manufacturing. Each of these varied activities has its appropriate place in the country's business economy, and all of them, as well as many other interests not mentioned, could be better served by institutions organized, equipped and managed with a view to meeting the special requirements of some particular trade or industry. It would not, of course, be practicable to conduct banking altogether on a plan of this character; but it would be entirely feasible to have, in New York and in some of the other large cities, banks of special types.

If one were arranging a banking hierarchy unhampered by existing conditions, it might be laid out somewhat as follows:

(1) A bank of issue.
(2) International banks or finance companies.
(3) Railway banks.
(4) Agricultural banks.
(5) Industrial banks.
(6) Marine banks.
(7) Commercial banks.
(8) Trust companies.
(9) Savings banks.

There is, of course, nothing novel in this suggestion, for banking, as stated, is already conducted practically in accordance with this plan in several countries.

It is hardly open to question that the railroads would fare better at the hands of a bank specially equipped to meet their needs than they do under present circumstances. The financing of the railways is now largely in the hands of a group of private bankers, who make use of the banks with which they are allied in floating new securities. These private bankers undoubtedly possess great power and they have, by experience, acquired a high degree of skill in carrying out their financial plans. Yet these men, acting singly or in groups, do not have the advantages that would attach to a properly organized railway bank. They have, however, the capital, experience and prestige that would form a magnificent foundation for a bank of this character.

Agricultural banks could legally do what many other banks are doing illegally. They could lend money on real estate. Furthermore, by careful study of the conditions governing the production and marketing of the crops, they might act as auxiliaries to the commercial banks and greatly promote the agricultural prosperity of the country. The land banks are a prominent feature of the financial organization of Europe. Japan has also adopted a system whereby the banking institutions are to a large extent organized for the purpose of performing special services.

The American banking system is a great deal like Topsy—it "just growed"—and while the growth has been satisfactory so far as size and strength are concerned, it can not be said that in proportion and in adaptability to business requirements the system is beyond criticism. Besides, the small and scattered institutions, doing all kinds of business, that were adequate to the demands of the past, will find it more difficult to meet the enlarged demands of the future. The vastness of modern industrial and commercial operations has rendered specialism a necessity in many lines. Banking, with its traditional conservatism, has been slow to yield to the pressure of changing conditions, but it cannot much longer resist the obvious needs of the times if it is still to be an adequate servant of commerce and industry. Perhaps the explanation of the remarkable growth of trust companies may be found in the fact that, through their numerous departments, they approximate this specialization in the conduct of banking transactions.

BERNARD SHAW, a picturesque Irishman, who, according to himself, has written greater plays than SHAKESPEARE, has recently attracted considerable attention by some new pronouncements regarding money and poverty.

Instead of taking the Scriptural view that the love of money is the root of all evil, Mr. SHAW says the universal regard for money is the one hopeful fact in our civilization, the one sound spot in our social conscience. "Money," he declares, "represents health, strength, honor, generosity and beauty as conspicuously and undeniably as the want of it represents illness, weakness, disgrace, meanness and ugliness. Not the least of its virtues is that it destroys base people as certainly as it fortifies and dignifies noble people. It is only when it is cheapened to worthlessness for some and made impossibly dear to others that it becomes a curse. The crying need of the nation is not for better morals, cheaper bread, temperance, liberty, culture * * * but simply for enough money. And the evil to be attacked is not sin, suffering, greed, priestcraft, kingcraft, demagogy, monopoly, ignorance, drink, war, pestilence, nor any other of the scapegoats which reformers sacrifice, but simply, poverty. The greatest of evils and the worst of crimes is poverty, and our first duty—a duty to which every other consideration should be sacrificed—is not to be poor."

Before accepting the dictum that the crying need is "simply for enough money," we should want some more competent authority. The world would not necessarily be substantially bettered by increasing the volume of money, seeing that its purchasing power might thus be lessened, so that the man who had $2 under the increased supply would be no better off than he was before if he had $1.

The abolition of poverty, however, is an ideal toward which mankind seems to be painfully and slowly tending. There is a school of thinkers who hold that it is only out of the sufferings engendered by poverty that human excellence can be developed. Of course, any individual advancing this theory always means that it shall apply to the other fellow and never to himself. For the sake of the virtues which are popularly believed to be the concomitants of poverty, he would not be willing to relinquish his wealth. He doubtless commiserates those who have less of this world's goods, and does not consider their supposed greater opportunity of developing character to be a sufficient compensation.

Actually it is found that the poor have no monopoly of exercising those qualities out of which human excellence is developed. The rich man who makes the first trip in his automobile may get as good a schooling in patience and self-restraint as the father of a large family trying to wrest their support from a scanty soil.

Although many noble traits of character have grown from the barren conditions of poverty, it is by no means certain that these same traits might not have developed to a greater extent under more favorable circumstances. Until all mankind are equal in every respect, there will always be an abundance of opportunities for the display of consideration toward others. The abolition of poverty would not make all men wise, courteous or just. We should still have to reckon also with other inequalities and with disease and death.

That poverty, of itself, is a nourisher of virtue may well be doubted. Are the subject races of China and India, who are poor, any better than the free Americans, who are, comparatively, rich?

Lincoln and Andrew Jackson were poor, but Washington and Roosevelt were well-to-do. If Burns was a great poet because of his poverty, what of Shakespeare, Lord Byron and Sir Walter Scott? If Poe had not been cursed by want, and had lived to the age of Bryant or Longfellow, his achievements might have been immeasurably greater than they were.

The notion that a man's character is to be made better by wearing sackcloth and putting peas in his shoes is an exploded one. On the stage alone, the tradition still survives that good clothes are incompatible with virtue, and therefore the villain may be always recognized by his immaculate dress. In real life we have advanced beyond that point of view, even if we have not reversed it. If a man is well-dressed, we are apt mentally to certify to his character in the absence of proof to the contrary. He creates a presumption in his favor by the self-respect and prosperity evidenced by what he wears.

While the acquirement and possession of property do not confer any patent of nobility, it is indisputable that, as a rule, they do enhance one's self-respect.

If it be once conceded that poverty is something that ought not to be tolerated, how is its abolishment to be secured? Manifestly, the only certain way is by industry, self-denial and the cultivation of the savings bank habit; and, generally speaking, the antidote to the poison of poverty is in every man's hand, to be used or not as he may choose.

Economic forces and the spread of education are constantly tending to destroy poverty and its twin brother, ignorance. Yet, when these shall have disappeared and the misery and suffering that accompany them no longer exist, the world will still not be destitute of those conditions out of which human excellence may be developed. No nation has ever sunk into decay and oblivion because its people were too enlightened and prosperous.

FEDERAL power is being looked to more and more by many people as a guaranty of the rights of individuals. This tendency was tersely stated in an address by Ex-Governor MOORE of Washington at the recent convention of the Washington State Bankers' Association. "We need," said Governor MOORE, "a more centralized democracy."

Bosses and corporations have found it easy to dominate the politics of a state and have gained practically complete sway in some parts of the country. This has tended to shake the faith of the people in the efficacy of the local governments, and they are blindly turning to Washington for relief. They could regain their control of affairs by ousting the bosses and their masters—the corporations, as has already been done in several of the states.

This tendency to shift the burden of government to some more remote authority apparently evidences a weakening of the mental and moral fiber of the people, and is therefore to be deprecated.

Governor MOORE referred, just before the quotation given above, to the late anti-Japanese demonstrations at San Francisco, and at least impliedly favored the exercise of stronger police powers by the Federal Government. If the ordinary police powers can not be efficiently exercised by local authority, there might just as well be an obliteration of state lines altogether, and the tendency of legislation and of public opinion seems to be in that direction.

This indisposition of men to enforce their own rights through the customary channels is witnessed particularly in the larger cities. It may be that corporate power has attained such proportions that the ordinary citizen no longer feels able to cope with it single-handed.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

THE NATIONAL BANKS OF THE UNITED STATES, AND AMERICAN BANKING.

THE National Bank Act of the United States provides a safe and uniform currency for the whole country, as has been shown. But that currency is subject to one considerable drawback, as being a fixed quantity, and being incapable of corresponding with the movements of commerce. It wants what is known as elasticity.

All experience shows that agricultural communities are subject to great variations in the amount of currency required at different seasons. If then the volume of currency cannot be enlarged as that of Canada can, during the harvest season, and that of Scotland also (on condition of gold being held to cover it), there is apt to arise a period of monetary pressure whenever the crops require to be moved to market. The circulation required at the harvest season can only be obtained by drawing on the centres where it has accumulated during the interval. But in these centres such funds are invariably loaned or employed in temporary discounting. All such loans must be called in when the harvest demand sets in causing a necessity for other arrangements, or a stringency more or less developed, and a rise in the rate for money to abnormal figures. Indeed, such a scarcity of currency has been known to prevail in the United States for a period of years, aggravating commercial depression and producing widespread disaster. The scarcity of currency in some agricultural districts at such times has resulted in practically putting them back to the primitive condition of barter.†

Absence of Branches.

Apart from the system of currency, with its excellencies and defects, the American banking system has several points of difference both from banking in Canada, and from the practice of England and Scotland. The most striking of these differences is that every banking office is a separate corporation, with its own capital, stockholders, and directors. Branches are unknown. The system of branches never prevailed in the United States to any extent, and they have now entirely disappeared. The law allows joint-stock banks with as small a capital as $25,000, and though it may seem an anomaly to constitute a complete corporation, with the machinery of a separate bank for such a miniature concern, neverthe-

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* Continued from July number, page 33.

† It is on record in reply to enquiries instituted by the Chamber of Commerce of New York, about the year 1894, that over a large part of Western Virginia, at that time, money had so completely disappeared that a person in possession of a $50 bill, being desirous of changing it, drove more than forty miles round about his village without being able to find as much money as fifty dollars anywhere. At this very time, across the border in Canada, similar districts were abundantly supplied with currency.

less numbers of such banks have been called into existence, and have rendered the same kind of service to the small towns of the United States as is done by the branches of banks in Canada.

But the service is not so efficient. For the branches of banks in Canada are managed by men who have been trained in banking principles and practices in the large institutions of the country. They are, for that reason, well qualified to judge of the transactions that come before them, and to discriminate against undesirable and insecure advances; in addition to which they have the advantage of constant advice from headquarters. They are also free from local prejudices and predilections, and are likely to judge of transactions on their merits. This, however, is not the sole advantage. A branch of a large institution carries with it the strength and safety of the parent corporation. It is therefore a safe place for deposits, in addition to which the whole resources of the corporation are available in case some enterprise in the locality should require larger advances than could be furnished by a local institution. Of the merits of the branch system in general, mention will be made more at large in the chapter on Canadian banking. The above, however, will suffice to suggest that the system of a separate corporation for each bank is not so advantageous for small communities.

Lack of Note Redemptions.

Another peculiarity of the American system is that there is no redemption of notes. This has come about most naturally from the circumstances under which they are issued, for all are secured by deposit of Government bonds of the same quality, all therefore are nearly equal in credit and value. Hence they are all treated by the banks as money of a common stock. Many of the banks have issued all they have the power to issue. Redemption therefore answers no particular object and is never carried out.

Law of Fixed Reserves—Examinations.

But the two most striking features of American banking, next to its secured but inelastic circulation, are the requirements by law of a fixed minimum of reserve of cash or its equivalent, to be kept on hand, and next the system of bank examination by Government officials. With regard to the former it must be said that while it has a great attraction for those whose knowledge of banking is only theoretical, its benefits are illusory in practice. The system indeed has two fundamental drawbacks. It is calculated to aggravate banking difficulties in time of embarrassment, and when there is a scarcity of money, the very necessity of the case leads to its provisions being violated. In all sound banking the keeping of adequate reserves of available funds is deemed a matter of vital importance, it being of the essence of a banker's business to be able to meet, at once, under all circumstances, every demand made upon him. To every prudent banker, therefore, the amount of cash reserves he has on hand is a matter of daily *attention;* and the watching of its ebb and flow, and the replenishing of his resources when the demands of business cause them to run down, a never-ceasing occupation. But a small consideration will show that it is a matter of imperative necessity, not only that he shall have an ample stock of lawful money by him, but that he shall have *command of the whole of that store at all times.* If, out of this store of legal-tender money, there is a certain amount he cannot touch, it is evident that for purposes of meeting demands upon him this particular amount might as well be non-existent. It is as if on some particular day he had locked up a large amount of reserve money in his safe and handed the key to the Government. No matter how much money he might have there, he might be compelled to stop payment and be ruined, because he could not meet demands out of the remainder.

This is exactly the position in which the American system places every bank. It ordains that a certain percentage of the liabilities of the bank must be kept in cash, or in the equivalent of cash. This legal percentage is undoubtedly a reasonable amount; such, in fact, as prudent bankers would seek to have on hand in the ordinary course of business. But it is evident that, when the law orders a banker to *keep* this amount of money by him, that amount is withdrawn from his use for meeting demands upon him. No matter what demands are made upon him in the course of a day's business, he cannot, if he obeys the law, touch that portion of his cash reserves to meet them. It is as if, in military matters, the law ordained that every general must keep twenty per cent. of his army in reserve, and forbade him to use that part of his force when a battle is going on.

But no general, if the exigencies of an engagement were imminent, could help bringing his reserves into play to prevent defeat. Self-preservation is the first law of nature. No statute law can override it. The position of a banker under a law of this description is of a similar character. In the demands of his customers he has a daily battle with circumstances. These demands must be met with money on the spot, or he is defeated and disgraced as a banker.

Thus, then it has come to pass, under the pressure of circumstances, in times of monetary scarcity, that American bankers have found themselves face to face with the problem, shall they use their monetary reserve to fulfill the contracts made with their customers, or shall they comply strictly with the law and refuse to pay their customers the money demanded. It is evident that when in this position the banker is in the presence of two conflicting laws. On the one hand is the law which obliges him to fulfill the contract made with customers, on the other is the statutory requirement that forbids him to touch his store of money when it has run down to a certain sum. Placed thus between two contradictory requirements, it does not need much penetration to see what a banker's choice will be. The law of self-preservation, combined with the fundamental law of the inviolability of contracts, will lead him to pay the demands of the customers, though by so doing he violates the provisions of the statute law of banking.

This forecast of what would be likely to be done has been demonstrated to be correct by experience. Again and again have American banks kept on fulfilling their contracts with depositors, although the store of money required by law has gone below the limit. In such a public manner has this been done that it has been regularly published in financial journals. When these papers are publishing the condition, say, of the banks of New York city, they are in the habit of giving the figures of the monetary reserve as being *up to* legal requirements, or *above* them, or *below* them. Now, in the latter case they publish the fact that the banks have violated the law. This has repeatedly been done during the last thirty years, yet neither the Government, nor the public, nor banks in dealing with one another, have taken the least notice of it, except as an indication that money is scarce. It is for these reasons that Canadian bankers have invariably resisted any attempt to incorporate such a provision in the banking law of the Dominion, although, under pressure from doctrinaries and theorists, the Government has sometimes endeavored to effect it when the renewal of charters was under consideration.

Closely allied with the requirement of a minimum money reserve, is that of a system of Bank Examination. This system probably had for its foundation not so much the determination whether a bank's business was being conducted safely, as whether it was complying with the law in the matter of reserves. This necessitates an inspection somewhat of the same character as is given to the branches of banks in Canada, viz., a verification of the liabilities and assets of the office, not merely by a balancing of books, but by an actual counting of money and examination of bills and documents. The examination of an American bank, however, especially in large cities, is now carried beyond this, and embraces passing judgment upon the loans and discounts of the office. And when the examiner is a man of capacity, and has learned by practice how to bring his experience to bear upon current transactions, his visit is often found to be highly beneficial. But experience has proved that the examination is in some cases of a perfunctory nature, doing neither good nor harm. There have been instances in which, only a short time after an examiner's verification, a bank has been found to be utterly bankrupt. Further, when the examiner was a strong-headed, opinionated man, whose knowledge of business was in inverse proportion to his conceit, his visit would be productive of harm. For he would find fault with transactions that were sound, and pass by others that were dangerous.

The examinations of the banks in the large cities, in New York especially, are well and carefully done, as a rule. Though the post is a political one, and therefore liable to changes, the Government, as a rule, takes care that men of intelligence and experience are appointed. An intelligent examiner will give the banker the benefit of his judgment as to the soundness of his discounts, and sometimes a hint that the paper of such and such a house was to be found in other banks, thus putting a president or cashier on his guard. The examiner's duty also embraces the overdue loans and bills of the office, with the securities held therefor; and it is his business to see that proper provision is made for such as are doubtful, and that such as are bad are written off. Securities in the shape of mortgages, properties, and claims, also bonds, stocks and guarantees are examined with a view to ascertain whether they stand at a proper amount in the bank's books. And when the examination is completed, a report is made to the Comptroller of the Currency in Washington, who passes the whole under review, and sometimes corresponds with the banks on points that seem to require it.

This examination of the American banks is another of the points sometimes put forward by theorists as desirable to be applied to Canada. But this is in evident ignorance of the difference in circumstances. To examine properly a single large office of a Canadian bank, doing a large business, is a laborious matter, occupying the time of several officials for three or four weeks, and entailing in addition a large amount of supplemental office work to bring all the threads to a point. But when a bank has branches, as nearly every Canadian bank has, the examination of any one of its offices is not an examination of the *bank*, for the bank exists with all its powers of creating liabilities and investing in assets, in ten, twenty, or even a hundred places at once; all of which must be examined on the very same day, if the truth of its published statement is to be verified. For example, the first column in the monthly statement made by Canadian banks to the Government gives the amount of their note circulation. This amount is ascertained by deducting the total of its own notes held by a bank on a given day from the total that has been signed and entered in its books. But those notes are held in forty, fifty or more separate offices, and the amount varies every day. They must be counted simultaneously therefore at the close of the same day, in every one of the offices. To do this so as to make a complete check would require the employment of a hundred men at least. But this would be only the beginning. The whole of the rest of the cash would require to be counted on the same day, and on the same day also the vast volume of bills discounted would require to be examined at every one of the offices. The deposit ledger must also be simultaneously balanced, the general ledger also, the bills for collection verified, the accounts with other banks at home and abroad checked over, and an enormous mass of verifying correspondence entered upon, the results of which would require to be waited for before the examination could be said to be complete. To carry out all this efficiently in the case of any one of the large banks two hundred men at least would be required. Yet the examination even then would only have embraced one bank. Now, considering the number of banks in the Dominion, and the number of their branches, some of them in the United States, the West Indies and Great Britain, it is not too much to say that to do the work effectually would require the creation of an enormous Government department with at least a thousand trained officers. To do the work in any other way would be delusive and mischievous. The above statement should demonstrate the impossibility of the project.

Stockholders Meetings in Canada and the United States.

Another feature of American banking and one in which it differs in a marked degree from that of Great Britain and Canada is, that its banking corporations, apart from the returns they make to the Government, scarcely ever come before the general public. The annual meeting of the stockholders of one of the larger banks in Great Britain or Canada is an event of interest to the whole community. Reporters are generally present, remarks and comments are made by the president, and often by the chief executive officer, in which there is sometimes a review not only of the business of the bank, but of the financial and commercial position of the country. This is specially the case in Canada. Questions are asked by stockholders as to points in the annual statement, or as to profits or losses, and it is common both in Great Britain and Canada for stockholders to make remarks and criticisms. And when legislation is being brought forward on the subject, either in the Provincial or Dominion legislatures, the opinions of bankers are generally asked for and great weight attached to their answers.

But as a rule nothing of the kind is known in the United States. Unless something extraordinary is taking place, the newspapers take no notice of the annual meetings of banks, and as to admitting reporters, they would as soon be allowed to attend the weekly meetings of the board of directors. The banks are looked upon almost as private partnerships, so far as their individual action is concerned; the only notice taken of them is in their associated capacity, when their public statements are noted and commented upon purely in their bearing on the money market. As to their action as bearing on trade or commerce it is rarely thought of. Nor is it as bearing upon legislation.

The Annual Meetings of the Bankers' Associations, both of the separate states, and of the country as a whole, are the only occasions on which the larger questions are discussed which are common to all banks and which relate to banking as a profession. There, however, they are discussed with marked ability. The purely local character even of the largest American banks is doubtless the reason for all this, which, it should be borne in mind, has not arisen from legislation, but has been simply a growth of custom.

Officers of American Banks.

There are certain particulars in which the *internal economy* of American banks is different from that prevailing in Great Britain and Canada. The most important of these is in the position occupied by the *president*. The president of an American bank is, as a matter of course, a member of the board of directors, and subject like the rest to an annual election. And he is, by the very nature of his office, the chairman of the board.

But in addition to this, he, in many cases, is the manager and chief executive officer of the corporation, and as such gives daily attendance, receives customers, arranges loans, discounts bills, opens or closes accounts, and appoints and supervises the staff of the bank. He has had almost invariably a training in the business of banking from the outset. He is thus able to perform with intelligence all the functions of the general manager of an English or Canadian bank. In the smaller banks of the United States, the duties of even a Canadian branch manager appertain to him. There are undoubtedly some advantages in this system, for the president being the chairman of the board of directors is able with perfect knowledge and with the weight of authority to carry out their policy in the bank's daily administration.

This ensures that there shall be no conflict between the chief executive officer and the board, and that, in case of difference of opinion, the views of directors shall prevail. It carries also the great advantage that in the board itself there shall be one who is perfectly conversant with matters from a banking point of view; a professional banker, in fact, whose information is varied, and his judgment sharpened by daily contact with customers and the public. Reasons like these have prevailed when on several occasions the general manager of a Canadian bank has been elected to the office of president, continuing nevertheless to exercise the same functions as before.

There are, however, disadvantages in the system. It is undoubtedly desirable that the chairman of the board of directors and the principal person amongst them, should be a man of wealth and importance in the community, apart from his connection with the bank. This it is scarcely likely that any officer of a bank could be. Moreover, it is certainly undesirable that the principal executive officer of a bank should be subject to an annual election, the continuity of the same person in such an office being a matter of importance. The carrying out of this system of making the president the chief executive officer involves also the making the office of cashier a position of secondary importance. He therefore has duties which though important are subordinate. His position in effect is analogous to that of assistant manager in an English or Canadian bank.‡

Certification of Checks.

Another peculiarity of American banking, especially in the large cities, is the function exercised by the paying teller of certifying checks as *"good."* The exercise of this function by an officer who does not keep

‡ In the early days of Canadian banking, and there is a survival of this system yet in some quarters, the chief executive officer of the bank, even when it had many branches, was called "cashier," instead of manager or general manager. But his functions were the same as those of the president of an American bank, and not of its cashier. The title of "cashier" is also used of the chief executive officer in some Scotch banks, as is the case also in the Bank of England. It is well known also that the officers who are called "tellers" in Scotland, are called "cashiers" in England.

the accounts of customers, and does not charge such checks to account when certifying them, is somewhat of an anomaly, and seems to open the way to constant mistakes. For in a bank with a large number of accounts it seems impossible for a teller to recollect with sufficient accuracy the position of every account to make it safe for him to certify that checks are good. Experience, however, seems to justify the practice, and it is well known that the tellers of many English banks pay checks across the counter without any certification at all. Some banks in the North of England have adopted the practice of certification. But in their case the certifying officer is the person who keeps the account in the ledger, which is the more reasonable and safe practice. This is the case in Canada, and it is carried out with accuracy and precision there by charging the account of a customer with every check that is certified.

Altogether the system of banking carried out in the States is evidently adapted to the requirements of the country. The division into national banks and state banks arises naturally from the circumstances under which the states of the Union came to be at once separate and united. Both classes of banks are precisely the same in their internal economy. The want of elasticity, however, is a great drawback to the national currency, as has been observed, and efforts have been made at various times to cure this defect, which could be accomplished by the adoption of a system analogous to that of Canada. But the jealousy of banking corporations entertained by large multitudes of the people, especially of the Western States, has hitherto prevented any legislation in that direction; in fact, instead of turning their attention to such a practical matter as this, multitudes of the people have been misled into the advocacy of such a will-o'-the-wisp as the establishment of *silver* on an utterly impracticable and dishonest basis. This dangerous delusion has only been dispelled by the setting in, of late years, of a tide of prosperity over every part of the country and of every interest in it.

The interference by government in such a delicate matter of bank administration as the monetary reserve, and also the system of bank examinations under the supervision of a government bureau, are instances of what is a remarkable feature in administration in the United States, viz., the extent to which the powers of government are stretched. Such governmental interference is entirely unknown in the banks of England and Scotland, and it would never be tolerated if attempted. The same remark may also be applied to Canada.

One final word may be said as to the manner in which the associated banks of New York are accustomed to act together for mutual protection in times of financial stress. Again and again, they have combined their reserves, the strong protecting the weak, and this with so much wisdom that no danger has been incurred, and no undesirable consequences have followed. The Clearing-House of New York, which has supplied the machinery for this united action, is beyond doubt one of the best, if not the best, managed institutions of the kind in the world. G. H.,

Former Gen. Mgr. Merchants' Bank of Canada.

TRUST COMPANIES

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

SUNDRY TOPICS.

FEES.

EXCEPT in the few communities in which trust companies are so well established that there is something approaching a standard schedule of fees, the question of the proper charges to make for services rendered by the trust department is often a difficult one. This is due not only to the fact that in most communities there is no set standard for guidance, but also to the fact that a number of matters must be taken into consideration—the amount of clerical work involved, the knowledge and training, or in other words the professional skill, required, the value of the service to the customer, and most important of all, the degree of responsibility, legal and moral, assumed by the company. The charge may be tempered, too, by the probable incidental profits of the work due to new business obtained thereby.

That there exists considerable difference of opinion among trust company officials regarding the matter of fees has been shown by discussions at the conventions of the Trust Company Section of the American Bankers' Association.† These discussions also demonstrated that it is quite impossible, even if desirable, to devise a uniform scale of charges for given kinds of services which could be made applicable throughout the country or even throughout a state. Local conditions vary so greatly that a schedule of fees suitable for one locality would be too high for a second and too low for a third. Indeed, the actual value of the service and its cost in labor and in responsibility assumed differ so much that even in two cases of the same kind of services rendered by the same company there may justly be different scales of charges. So far as the service is professional in its character, the matter of fees is subject to about the same considerations as the determination of the fee of the lawyer, and is affected by the customs of the community. The country lawyer expects to receive a smaller fee than the lawyer in the large city, and he often

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

† See Proceedings Trust Company Section, in particular 1904.

gauges its amount in part by the value of the service to the client, and in some cases takes into consideration the latter's financial ability.

The simplest element of the problem is the amount of clerical labor involved. This is not always easy to determine in advance; as, for example, in the work of transfer agent, in which the amount of work will depend, after the original issue, upon the activity of the stock. When possible, it is wise to defer the matter of fee until enough experience has been gained to form a somewhat reliable estimate of the amount of work required. But even when known with exactness, the amount of clerical labor involved should be a matter of minor importance in the determination of the fee.

The professional ability demanded is a matter of considerable weight, and this factor of the problem should ultimately result in larger fees than are prevalent for certain services. The trust company is held liable for sufficient legal and technical ability and carefulness to do the work correctly, and is entitled to proper compensation therefor.

The value of the service to the customer is an important consideration which should be given careful study; but it is not an exact means of determining the fee. A corporation may require the services of a trust company as a *sine qua non,* but would hardly consent to pay a fee measured by the necessity of obtaining the service.

The benefit which may accrue to the company in the way of new business resulting from the work is a matter worth consideration, especially by new companies and by companies located where the trust company is not firmly established; but it is evident that this consideration, like the cut-price sales of the merchant, can be operative only in exceptional cases. One can not always do business at less than cost for the sake of new business to be taken on the same terms.

The most important matter of all is the responsibility, both legal and moral, which the company must assume. This is in some cases the hardest thing to determine, owing to the absence of either statutory laws or court decisions which clearly define the liabilities of trust companies acting in certain capacities, and owing to the ignorance of the public, which is apt to hold the trust company morally responsible in case of loss upon any document upon which the trust company's name appears in any capacity.

Fees for Acting as Executor, Etc.

Fees for services as executor, administrator, guardian, etc., are in many states fixed by statute, or are determined by the court, and are the same for a trust company as for an individual. In New York the statute fixes the fees at five per cent. upon the first $1,000, 2½ per cent. upon the next $10,000, and one per cent. upon all over $11,000 of the principal, with an annual fee on the income at the same rates. No fee is allowed upon the value of the real estate unless same is sold under order of the court. In cases of extraordinary difficulty or responsibility the court may increase such fees. In Ohio the statute fixes the fees of executors and administrators at six per cent. upon the first $1,000, four per cent. upon the next $4,000, and two per cent. upon the excess over $5,000 of personal property. The Missouri statute allows executors and administrators a commission of five per cent. upon disbursements of personal property.

These rates usually serve as the basis for determining fees of testamentary trustees and fees in any trust coming through law or by appointment of the court, and are guides in fixing the charges for the care of estates held in trust from whatever source.

Fees for Care of Estates Under Private Agreement.

When the trust comes by private agreement, the company is of course at liberty to make the best terms it can as to fees. In one large eastern city, the usual charges are one per cent. on the principal, often payable one-half at the beginning and one-half at the termination of the trust, and an annual fee of 2½ per cent. on the income if the funds are invested or to be invested in coupon bonds or stocks. If part is in real estate, some companies make the charge on income five per cent., handling the real estate themselves, while others keep the charge at 2½ per cent., first deducting an outside real estate broker's charge for handling the real estate. In another city, common charges are two per cent. on the principal at the termination of the trust, with an annual commission on the income of three per cent. on that part derived from personal securities and five per cent. on that part derived from real estate. In some places the charge is five per cent. on the income without reference to whether the estate owns real property. Another scale of charges employed is a commission of from one-half per cent. to one per cent. for the investment or reinvestment of the principal, payable at the times such investments are made, and from three per cent. to five per cent. on the income according to the proportion of the principal invested in real estate.

Fees of an Assignee or Receiver.

The fees allowed to an assignee or a receiver are fixed by statute or determined by the court. In New York the assignee's fee is five per cent. on the whole sum handled, and the receiver's fee is fixed by the court at a figure not exceeding five per cent. The receiver of a corporation may receive five per cent. on the first $100,000 received and disbursed, and 2½ per cent. on the excess over $100,000; but the total fee may not exceed $12,000 for any one year, nor be greater than at the rate of $12,000 per annum for a fraction of a year.

Fees as Trustee Under a Bond Issue.

Fees for acting as trustee under a bond issue are generally based on a charge of a certain amount per bond, the amount in many cities being one dollar a bond for small issues and fifty cents a bond for large issues.

The terms "large" and "small" are of course relative, and their interpretation differs according to local circumstances. In some places the dividing line is at about $200,000; in others, $500,000 or $1,000,000. Sometimes, especially in small issues, a special counsel fee is added, sometimes not. Some companies make a minimum charge of $100 covering everything. There is a well-defined feeling in many quarters that the prevalent fees for this work are much too small in view of the fact that the legal and moral liabilities assumed are not well determined, and may be much larger than is generally realized.

There is considerable difference of opinion regarding fees for the payment of coupons. In New York, where the use of money for ten days is of more value than elsewhere, it is generally considered that if the money for the payment is deposited from ten to thirty days before the coupons mature, the use of the money is sufficient remuneration for the work and responsibility undertaken. If the money is not deposited in advance, many companies make a charge of from one-eighth to one-fourth of one per cent. In places where the use of money for short periods is not so valuable, some companies make the charge unless the funds have been on hand for a considerable period. Similar considerations hold in the matter of charge for the disbursement of a sinking fund.

Fees as Transfer Agent.

The fees for acting as transfer agent for stock depend upon the capitalization and upon the activity of the stock. The latter element is often hard to determine in advance, though the character of the corporation gives some clue; the stock of a railroad, for example, being apt to be more active than that of a bank. It is recognized as a general principle that the fees of the transfer agent should be double those of a registrar. Minimum fees for very small and inactive issues range from $50 to $100 a year, the fees for large and active issues running into several thousand dollars. In view of the responsibilities assumed, and of the fact that a single clerical error in this work may prove very costly, the prevalent fees seem inadequate.

The reader should bear in mind that the fees above stated are by no means universal, and are given here only to convey an idea of the charges made by some companies. The fees for other kinds of services vary so much and depend so largely upon the peculiar circumstances of each case, that an attempt to state customary charges would be useless.

Foreign Exchange.

Most trust companies sell drafts on foreign countries, traveller's checks and letters of credit; but as most of them do so through banking houses which make a specialty of that class of business and which issue full instructions as to procedure, it is unnecessary to discuss the subject here. A few large trust companies conduct thoroughly equipped foreign exchange departments.

Time-and-Labor-Saving Devices.

The past generation has witnessed the introduction into the business world of a number of devices which save time and labor, and which are peculiarly useful to banks and trust companies. Many of them are no longer classed as mere conveniences but have become absolute necessities for the larger companies. Among these are the typewriter, the telephone and the adding-machine. Except in very small companies, the typewriter is universally used for correspondence and similar work, and even book entries, especially for such records as the trust register, are being made by the use of the book typewriter. An increasing amount of business is being conducted by telephone, the larger companies maintaining private exchanges connecting each desk with the other desks in the office and with the outside world. The long-distance telephone enables the official of a trust company in Chicago to transact business in New York in a few minutes, without leaving his desk. The adding-machine not only lists and adds long columns of figures more quickly and more accurately than can be done by the most expert bookkeeper, but has become indispensable in companies which handle large volumes of business. By its use the taking of trial balances of thousands of accounts is made a short and simple operation. Its value is increasing as new uses to which it may be put are discovered.

The work of the teller is lightened by the use of coin counters and other conveniences. Duplicating machines enable the advertising department to send out duplicate letters which are hard to distinguish from originals. Commercial phonographs make it possible for an officer to dictate letters and other matter at such odd moments as he finds convenient, without wasting the time of the stenographer while waiting during the numerous interruptions to which he is always subject. A more recently introduced device is the telautograph, which reproduces writing at a distance. By its employment the teller may write at his desk an inquiry regarding an account which is reproduced immediately at the desk of the proper bookkeeper. The latter writes his reply, which is at once before the teller, who is thus enabled to get the needed information quickly, silently and without attracting the attention of the customer. Numerous other devices of greater or less importance are included in the equipment of the most progressive companies. A judicious use of these improvements enables the company to do better, neater and quicker work at a saving over old methods.

Branch Banking.

In a few places in which the laws of the state permit, trust companies are conducting a branch banking business with such success as to make it highly probable that the plan will spread in the near future to other localities and to other companies. The same advantages are gained that are urged in favor of the Canadian branch banking system, except as to currency, though of course on a much smaller scale. A central office is maintained in the down-town portion of a large city, and the branches are scattered through the outskirts of the city and through the suburban towns. In this way communities which are unable to support independent savings banks, or at best only small ones, are enabled to have all the advantages afforded by the strongest companies. The confidence inspired by such a strong institution attracts deposits which had not theretofore been in banks at all. Money is brought into communities needing it, while from those localities which have a surplus, funds are transferred to the central office or to the other branches where the money can be used to advantage. From the standpoint of the company, deposits are materially increased, while the circle of friends who may furnish business for departments other than the banking department is widened.

Banking by Mail.

Trust companies have been among the leaders in the promotion of the banking-by-mail business, which is really only a part of the growing system of "mail-order business." As applied to banking, this is not altogether recent in principle, since people have for many years occasionally sent deposits and made withdrawals from accounts through the mails. The conducting of regular banking-by-mail departments and the effort to build up this class of business are, however, phenomenas which have originated during the past decade. The Pittsburgh Bank for Savings claims to have originated the first systematic banking-by-mail department in the year 1898. Its deposits at that time amounted to $3,350,000, and in three and one-half years were increased to $12,250,000; a considerable part of the increase being ascribed to advertising for mail business. A number of trust companies and savings banks are now conducting such departments and meeting with much success. Pittsburgh and Cleveland, because of their four per cent. interest rates paid by solid concerns, have some advantage in this class of business; but the possibility of getting mail business is by no means dependent upon the interest rate. It appeals to many classes of people because of its convenience and because it offers one, no matter where located, the opportunity to leave his savings in charge of a strong institution. Even in the cities it is often more convenient to mail a deposit than to carry or send it to a bank; but the special advantage of course accrues to persons more or less isolated, farmers and residents of small towns having no savings banks—which includes somewhat over seventy per cent. of the people of this country. The extension of the rural free delivery of mail, and the general improvement of the postal system, are of course great aids to the business.

The method employed in conducting the business is simple. Upon receipt of an inquiry, a letter is sent with which is enclosed a signature-card and a circular describing the method. If the inquirer decides to open an account, he has but to place his signature and address on the card and mail it with his initial deposit to the company. He receives in return a pass-book, which in future transactions can be mailed back and forth as deposits or withdrawals are made, or can be left at the company's office. In the latter case, a separate receipt is sent for each deposit. The pass-book is made light enough to be carried with a letter and a check for one stamp. The depositor may send his deposits in the form of New York draft, postal money order, personal check or in currency by registered mail. As to the safety of such remittances, the large companies doing a banking by mail business advertise that so far as they know not a dollar has yet been lost in making them. Remittances to depositors are made upon receipt of letters requesting same, by New York draft; or, if specially requested, by postal money order.

Trust Company Offices and Buildings.

There is observable among trust companies a growing tendency to purchase or construct buildings of their own. Such a course assures a permanent location, gives an impression of stability, and often proves of value as an investment. Frequently it is the only means of getting the exact location desired, or of insuring the most convenient arrangement of the offices.

Whether occupying its own building or rented quarters, the progressive company finds it profitable to maintain offices which are attractive and convenient. The standard of office equipment is such that the public expects a bank or trust company to occupy well furnished quarters, so that the cost of a good equipment is more than repaid in advertising value. The lobby should be provided with all possible conveniences for customers, including writing-desks supplied with good ink, clean pens and blotters, comfortable chairs, etc. The larger companies often provide separate reading and lounging-rooms for customers, with current newspapers and magazines, writing-desks and other conveniences, and committee-rooms for the use of customers who wish to meet to arrange details of business. In many cases there are special quarters for women, equipped with numerous conveniences and in charge of a matron who looks after the comfort of patrons.

The quarters of tellers, bookkeepers and other employees should be arranged and equipped with a view to safety, neatness, convenience, saving of time and labor and the health of the workers. Attention to these matters is amply repaid in better service. The matters of light and fresh air are of special importance; when possible the arrangement should be such that the light comes from back of the workers, and a well-considered ventilating system should be adopted. There is economy in the use of up-to-date office furniture and conveniences. Steel is coming to take the place of wood in the construction of filing cases and cabinets for keeping papers and records which are brought out of the vaults during the day.

In the general arrangement of the offices the quarters of the banking and savings departments usually occupy the location most convenient for customers. The trust and other departments having fewer visitors are located at the rear of the room or on other floors if the company occupies more than the ground floor. The safe-deposit department is usually located in the basement, but is sometimes on the ground floor. In the large companies the equipment of this department is expensive and as nearly perfect in the safeguards provided as modern science can make it. Besides being constructed of hardened steel with massive doors opened with time locks, the vaults are protected by watchmen on duty day and night and in many cities by electrical attachments which if tampered with sound an alarm at the offices of detectives who are prepared to investigate at once.

Exclusive Trust Company Buildings.

In places where the price of land is not very high, it is generally agreed that it is of more advantage for a trust company to occupy a building devoted exclusively to its use than to have quarters in an office building. In large centres where the price of land is very high and the possibility exists of large income from the rentals of an office building, there is quite a wide difference of opinion as to whether the advantages gained by an exclusive trust company building offset the giving up of opportunities for revenue from an office building. It is interesting to note that a number of prominent and successful trust companies, as well as banks, in several large cities have had faith enough in exclusive bank buildings to make the investment, and that their success in the instances in which the buildings have stood for several years has justified their faith. Among the companies now occupying such exclusive trust company buildings or having them in course of construction are: The Mississippi Valley Trust Company and the Mercantile Trust Company of St. Louis, both of which were pioneers in this movement; The Illinois Trust and Savings Bank, The Northern Trust Company and the Central Trust Company of Illinois, of Chicago; The Cleveland Trust Company of Cleveland; The Commercial Trust and Savings Bank of New Orleans; The People's Trust Company, The Title Guarantee and Trust Company and the Knickerbocker Trust Company of New York; The New England Trust Company of Boston; The American Security and Trust Company of Washington; The Pennsylvania Company for Insurance on Lives and Granting Annuities, and The Girard Trust Company of Philadelphia.

Whether such magnificent exclusive trust company buildings as these companies and others have are profitable from the standpoint of the company or not, there is no question that they add very materially to the beauty of the cities in which they are located, and reflect credit upon the public spirit of their builders. They mark a step toward the greater appreciation for art and architecture shown by the older cities of Europe, whose banks in most large centres greatly excel ours in this respect.

(To be continued.)

PRACTICAL BANKING

CERTIFICATES OF DEPOSIT.

ARE CONSIDERED BY SOME BANKERS AS DANGEROUS—METHODS SUGGESTED TO SAFEGUARD BANKS ISSUING THEM.

BY CHARLES W. REIHL.

AMONG the forms and conveniences given to the public to induce them to deposit their money with the banks, there is probably none upon which the opinion of bank men is more divided than it is upon the certificates of deposit. Many favor their use, while quite a number are opposed to them and will not issue a certificate if they can avoid it.

In some banks the greatest proportion of the deposits are in the certificate of deposit account. In others they are about evenly divided, while in still others the amount in the certificate of deposit account is very small, indeed.

From the view point of the depositor who has some "spare money" that may not be needed for a few months, and who does not want to be bothered with the pass-book, the certificate has a strong attraction. By getting a certificate for his money he has it in a form that can be easily carried. He knows that if he wants to use it he can do so at any time and transfer it by endorsement. He has the word of the bank that the money is there and can be had on presentation of certificate if it is properly endorsed.

PAYMENT OF INTEREST.

In some sections of the country the certificates are drawn payable with interest, while in other sections they are not payable with interest unless made so by special arrangement. Where the custom is to pay interest the certificate has advantages over the saving account in many cases especially for the adult depositor. It can be withdrawn at any time without the requirement of ten days' or two weeks' notice, and this is a big advantage to the man or woman who may need the money in a hurry for some contingency that may arise.

When interest is paid on the amount deposited, if left for a certain number of days or months, the depositor is liable to think two or three times before yielding to the temptation to withdraw it to use in some risky investment or some pleasure.

In the far west, where the money in circulation is gold and silver—where paper money is seldom seen—the certificates of deposit are frequently called for simply to relieve the applicant of the burden of a large amount of weighty metal. When thus issued they are soon turned in—sometimes being paid the same day they are issued. This makes a lot of unnecessary work for the bank, but it helps the bank to serve the public and at the same time to advertise itself. Banks that are troubled with customers of this kind would find it to their profit to charge a small amount—five or ten cents—for each certificate.

CERTIFICATE OF DEPOSIT ORDER.

NAME L. C. White No. 7834

FIRST NATIONAL BANK

Please issue a Certificate of Deposit for

One hundred Dollars $ 100—

herewith deposited, payable to the order of

NAME A. C. White

ADDRESS 735 W. 20th St

Name of Depositor L. C. White

Address 735 W. 20th St

DATE May 1-'07

OVER

FORM 1

As a Means of Increasing Deposits.

Because of the advantages to the depositor—of course the banks have only philanthropic motives, nothing at all selfish or personal!—many banks have advertised their certificate of deposit department and secured quite an addition to their deposits. At the same time they increased their circle of friends and the number of their clients.

While the certificates are a convenience to depositors, they are sometimes a menace to the banks. In themselves they are harmless enough, but because of the way they are usually issued by the banks they are dangerous. A few bankers have recognized the danger and have thought out methods for the protection of the bank. As the danger comes from the way the certificates are issued, the protection must come by changing the method of issue.

Method of Issuing Certificates.

The usual custom in banks where a large number of certificates of deposit are issued is about as follows: The certificates are signed in blank by the proper officer and turned over to the clerk or department having charge of the issue. They are then issued as applied for by the customers, and the only record kept of them is by the issuing clerk on the register. This is depending entirely on the honesty of the clerk, and at the same time placing a temptation before him continually. It must be acknowledged that every man has his own peculiar weakness and is susceptible to certain influences; but it must also be said that most bank men are honest

ADDITIONAL CERTIFICATES FOR DEPOSIT OF

— Fifty —— Dollars. $50 — No. 7905

DATE May 7-07

Payee A. E. White

PAID

Address 735 W. 20th St.

Dollars $ No.

DATE

Payee

PAID

Address

Dollars $ No.

DATE

Payee

PAID

Address

FORM 2

and would not lower themselves to take advantage of the weaknesses of the bank's system. Because this is true it should not lead the banker to think his system is good enough. He should place every safeguard he can around the bank's work and funds, and remove every temptation it is possible to remove.

The danger in the system described above lies in this: that the party in charge of the issue may give a certificate for $1,000 and enter it on the register as $100.00, or like treatment to any other amounts, pocketing the difference. The bank would not be any the wiser until the certificate was presented for payment, and it may be that it would not be detected then, especially if the man who issued it marked it paid on the register or stub. Even if it was detected the bank would have to pay it for the amount called for on its face.

The certificates are often kept out six months or a year—sometimes several years, and occasionally held as collateral for a loan. In such cases the detection of the wrong-doing would be deferred a long while.

Very few banks have any method by which they can prove the amount of outstanding certificates of deposit; and very, very few have the addresses of the parties to whom issued. So if anything should occur to arouse suspicion, there would be no way to reach the holders to have them certify to the amounts of the certificates in their possession. Even if they could be reached and there was collusion between the clerk who issued it and the holder, the amount as shown on the register would be the amount certified to if it was certified to at all; but if there was no collusion—and it is not likely there would be—the defalcation would in all probability be discovered.

For the reasons given indicating the dangers of the certificates of deposit, when their issue is not properly safeguarded, some good bankers hesitate to issue them; while others, who are probably just as good bankers, issue them apparently without fear or favor—in some instances using a safeguard and in other instances running all the risk simply to increase the deposits.

Some bank men have advocated that the certificates should state on their face that the interest would cease six months after the date of issue, thinking that this would compel them to be renewed every six months or the interest be forfeited, and in this way the defalcation be detected before running long. This is a good suggestion for the banks that pay interest on the certificates; but it would not help those who do not pay interest except by special arrangement.

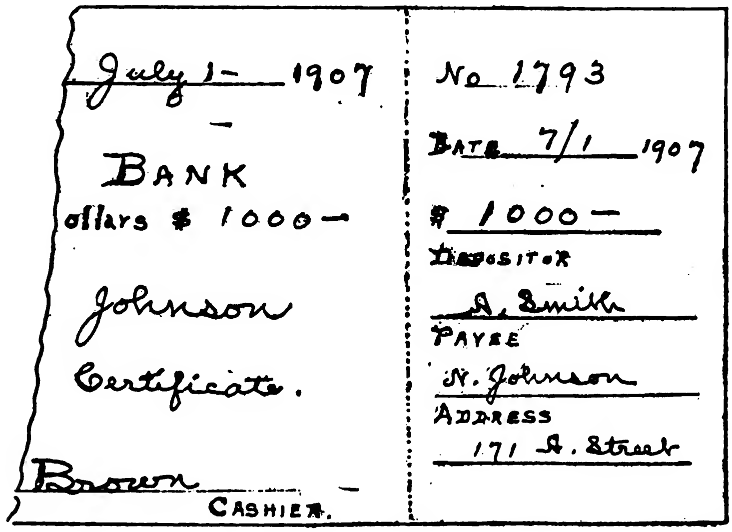
To try to prevent an improper issue it is the rule in some banks that the certificates be filled out with name and amount before they are signed or countersigned by the officer, and he is to see that they are properly filled out before signing them. This is a partial check, but not sufficient.

In some other banks they go further and require that when the clerk makes out a certificate of deposit and sends it to be signed, that he must send with it a memorandum slip giving the number and amount. This is to be compared with the certificate by the signer, then retained by him to be checked against the register. Where this method is in use it is not an unheard-of thing for the officer to neglect to compare the memorandum with the certificate, nor for the memorandums not to be checked against the register. Errors have occurred because of laxity in these matters. The system is quite good, but like every other system it amounts to nothing if not properly carried out.

While it is admitted that the above system is good, it is not so good that it cannot be improved. A better one is this:

When the depositor applies for a certificate of deposit hand him a card like Form 1 to fill out. It is an application, but it serves as the bank's memorandum, and it is quite a complete memorandum. Objection may be made. to this on the ground that it is "red tape"; but the objection is without force, because if a man wants to open an account in the bank he is asked to write his name and address on a card or in a book, and the man getting a certificate of deposit is depositing money, too, and the bank should have his signature, address and application for the bank's evidence of the deposit.

These cards should be kept in a card file drawer, in alphabetic order, and when the certificate is paid the card should be taken out, marked "paid" and date, and then filed in another place—unless more than one certificate is recorded on the card. The cards should not be destroyed.


July 1— 1907
BANK
ollars $ 1000—
Johnson
Certificate.
Brown
CASHIER.

No 1793
DATE 7/1 1907
$ 1000—
DEPOSITOR
A. Smith
PAYEE
N. Johnson
ADDRESS
171 A. Street

FORM 3

By using cards like this the bank would have a way of checking the outstanding certificates, and that is a thing very few banks have. It is not an unusual thing for officers of banks that issue a large number of certificates of deposit to say, "tell us some way by which we can check up our certificates of deposit." If this style of card is used, and properly filled up before being accepted, it will be as easy to check the certificates of deposit as it is to check the "checking accounts," or the saving accounts.

These cards could also be used as a "card ledger" for the certificates, and the certificate of deposit account could be proved by a trial balance taken from the cards.

Some banks endorse part payments on the backs of the certificates when depositors withdraw a portion of the original deposit. It is a bad habit; such endorsements should not be made. The certificate should be canceled and a new one issued for the remaining amount. In such cases

CERTIFICATES OF DEPOSIT
ISSUED July 1 1907
SIGNED BY J. A. Smith

NUMBER	AMOUNT			✓
0				
1				
2				
3				
4				
783 5		100	00	
6		50	00	
7		750	00	
8		200	00	
9		25	00	
40		150	00	
1		500	00	
2		100	00	
3	1	000	00	
4		800	00	
5		450	00	
6	2	500	00	
7	5	000	00	
8		300	00	
9		100	00	
50		75	00	
1		10	00	
2	12	110	00	
3				
4				
5				
6				
7				
8				
9				

FORM 4

have the depositor fill out a new card, treating the amount remaining as a new deposit.

If one party gets more than one certificate, by making separate deposits for the separate certificates, have a separate card made out for each. But if there are a number of such depositors in the bank it might be well to have the backs of the cards printed like Form 2, and have the applicant fill in the amount, name, address and date when the additional deposits are made.

This is a record that every bank ought to have if it issues certificates of deposit. But in addition to this it should have an accurate check on the amounts as they are issued. The memorandum slip system is good if carefully watched, and for those who like that method I would make a suggestion for its improvement. It is this:

Instead of having loose memorandum slips, have a slip like Form 3 printed on the right hand end of the certificate, this to be filled out and then detached by the officer who signs it. The clerk who writes the certificate should fill in the date and amount on the slip. Have the amount on the certificate and the amount on the slip near each other, as shown on the form given, so they can be easily compared. The name of the payee can be given on the slip, but it is not necessary. These slips should be checked against the register at the close of the day, or the amount compared with the amount reported to the general ledger as a credit to the certificate of deposit account.

The slip, or stub, system is not the best method of keeping check on the amounts issued. A simpler and safer method is to use a sheet like

Form 4 and on it have the man who signs or countersigns the certificates list the amount opposite the number. Use a separate sheet for each day's work and start on the line corresponding with the number of the first certificate issued that day. For example, if No. 4373 is the first, start at the upper number 3 and fill in the other part of the number on the sheet, then the amount. The amounts should be footed at the close of the day and compared with the register or with the amount posted to the account in the general ledger.

This method has several advantages; one is, that it requires the signer to look at the amount so he can list it; another is, there is no danger of the small slips or stubs going astray—as small papers sometimes will do. The sheets should be put up in pads, fastened together at the top and right-hand side—this would prevent their being easily detached from the pad, and at the same time would hold the sheet firm so it could be written on without needing to be held.

These sheets should be filed away day by day so they could be referred to at any time. When a day's work is complete and the sheet is torn off the pad, put on the next sheet the number following the number of the last certificate on the sheet detached. For instance, if today's business closed with certificate No. 5395, then on the sheet for tomorrow write next to the upper printed 6 the figures 539. That will show the number of the certificate that should come first the next day. In this way track can be kept on the continuity of the numbers, as well as on the amounts issued.

The best form in which to have the certificate blanks is in pads—not in bound books with the stub memorandum fastened to the binding. Instead of such a stub the register should be used. The loose-leaf register is the best. The columns should be arranged to show the number, date, depositor, payee, time, rate of interest, amount and a column to mark date when paid. Where there is no time limit given on the certificates, or where interest is not paid, these two columns would not be needed.

With safeguards in use, such as are here suggested, the greatest objections to the certificates of deposit are overcome; their issue is verified and they can be checked from the application cards or the holders reached by mail to have them certify to the amounts—whether they agree or disagree with the amounts as shown by the books of the bank.

AMERICAN BANKERS' ASSOCIATION.

THE thirty-third annual convention of the American Bankers' Association will be held at Atlantic City, N. J., September 24, 25, 26 and 27.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

TRANSFER BY INDORSEMENT—LIABILITY OF INDORSER—EFFECT OF INDORSEMENT.

MOORE, Treasurer of City of Ouray, VS. FIRST NATIONAL BANK OF OURAY, ET AL.

Supreme Court of Colorado, Dec. 3, 1906. Rehearing Denied, Jan. 7, 1907.

Where a bank indorsed a note to its president for a special purpose, and the latter reindorsed it to the bank, which subsequently delivered it to another, without further indorsement, it is liable to the transferee precisely as it would be if the indorsement was in blank, general, and unrestricted, and made at the time of the transfer.

CAMPBELL, *J.:* Action by an indorsee against an indorser of a promissory note. The Milwaukee Mining Company executed its promissory note for $5,000, payable to the order of J. A. Hinsey, which was afterwards indorsed and delivered by the payee to the First National Bank of Ouray. Thereafter the bank indorsed and delivered it to L. L. Bailey, its president, presumably for the purpose of collection. Bailey brought suit on the note against the maker, and caused a writ of attachment to be issued and levied upon its property.

There was no defense to the action, but before judgment was taken negotiations were begun between Bailey, representing the bank, and the officers of the city of Ouray for a trade or exchange of the note by the bank for certain of its certificates of deposit which the city held aggregating about $5,000; these certificates representing funds which the city had on deposit with the bank. The exchange was consummated; the city giving up its certificates to the bank in exchange for the note with the bank's indorsement remaining thereon; the complaint alleging that the bank, as a part of the consideration, agreed with the city that the bank's indorsement theretofore placed upon the note should constitute, and be in lieu of, a new and present indorsement, and that the bank would be liable to the city as an indorser without other or further indorsement being made by it, and the city, relying and acting upon the strength of such agreement of indorsement, parted with its securities. Bailey took judgment upon the note against the maker, and assigned this judgment to the city. Execution was issued and returned unsatisfied, owing to the fact that a prior attachment in another suit in another court was issued and levied upon the property of the maker, and all of its property was thereafter levied upon thereunder and sold to satisfy the prior lien. The judgment secured by Bailey was worthless, and the mining company, the maker, insolvent. The indorsements upon the note at the time it came into possession of the city and when this action was begun thus appear in the order as made:

"Pay to the order of the First National Bank of Ouray, Colorado, demand, notice and protest waived. J. A. Hinsey.

Pay to the order of L. L. Bailey. First National Bank of Ouray, by A. G. Siddons, Cashier.

Pay to the order of The First National Bank of Ouray without recourse on me. L. L. Bailey."

After the transfer of the note to the city the bank became insolvent and ceased to be a going concern, whereupon the defendants McClure, Hurlburt and Stevens submitted to it a proposition in writing, which was accepted, whereby they agreed to assume and pay all its liabilities as a consideration for the transfer to them of all its assets.

This action was brought by Moore, as treasurer of the city of Ouray, the successor of Charles F. Jordan, to whom, in his official capacity, the note in controversy and judgment had previously been assigned, against the First National Bank of Ouray and against McClure, Hurlburt and Stevens upon their assumption of its liabilities. To an amended complaint setting up substantially the foregoing facts, the defendants severally filed demurrers upon two grounds: First, that the amended complaint was a departure from the original; and, second, it did not state facts sufficient to constitute a cause of action against any of the defendants. As Stevens, one of the defendants, was the judge of the court in which the action was brought, Judge Stimson, judge of another district, was called in to hear the demurrer, and he overruled it as to both grounds. The defendants then filed their answer to the amended complaint, putting in issue some of its averments, to which a replication was filed. The answer and replication became immaterial upon this review, as do the rulings on the demurrer, because, after the issues were made up and Judge Shumate, judge of another district, had been called in to try the cause upon the merits, he sustained the objections of defendants to the introduction of any evidence by plaintiff in support of the amended complaint, upon the ground that therein no cause of action was stated as against any of the defendants in the action. Afterwards the plaintiff made specific and detailed offers of proof in its support, which were likewise refused.

The question upon this appeal is as to the sufficiency of the amended complaint. It would seem from the foregoing statement of its averments, confessed by the demurrer, that the plaintiff ought to recover. The maker of the note was insolvent, and after maturity, and while it was in possession of the First National Bank, or of its president, legal attempt to enforce payment resulted in failure. As a consideration for the note, the city delivered up certificates of deposit agggregating about $5,000. If it fails to recover in this action, that amount of public money is lost. A consideration of the specific objections which defendants make to the amended complaint is probably the best way to dispose of the appeal. There are two branches to the case: First, the question as to the liability of the bank; second, as to the liability of the defendants McClure, Stevens and Hurlburt. All of the transactions occurred while the statute enacted in 1865, entitled "Bonds, bills and promissory notes," was in force (Mills' Ann. St. sec. 244 et seq.)

The defendants' contentions in support of the ruling of the court refusing the offer of proof and entering judgment for defendants are thus stated by them: (1) That the legal effect of the indorsement as made by Bailey, for the purpose of retransferring the note to the bank, was to cancel both the bank's and Bailey's indorsements thereon, and, if this be not true, it limited the payment of the note to an order made by the bank; (2) that under our statute the note could be assigned so as to transfer the legal title from the bank to the city only by a written indorsement thereon, and, conceding that delivery of the note would constitute an equitable assignment of the bank's interest therein, it gave to the city, or the plaintiff's predecessor in office, the city treasurer, only those rights which the First National Bank had, viz., the right to collect the note as against the maker and Hinsey, the payee, who was the first indorser; that under the common-law rule suit upon this note could be brought only in the name of the First National Bank, and the bank could not sue itself; that while the Code authorizes the real party in interest (the equitable owner of a note) to sue thereon in his own name that provision creates no liability against the holder of the legal title, as the mere delivery of the note by the bank to the city treasurer created no liability against him, as holder of the legal title.

To the first proposition defendants cite Adrian vs. McCaskill (N. C.), 9 S. E. 284, 3 L. R. A. 759, 14 Am. St. Rep. 788. That case lays down no such doctrine as they assert. It was there ruled that when a note has been assigned and goes out on a certain line which subsequently proves to be a collateral line, and thereafter comes back to the party who thus sent it out, with the names of some of the collateral indorsers remaining thereon, and is then reissued after maturity, neither the party to whom it is reissued nor that party's assignees can proceed against any of the indorsers in the collateral line, because such indorsers are not in the line through which such party or his assignees trace title—in short, that a prior indorser cannot recover from a subsequent one. If the reasoning of that case be applied to this, instead of supporting the contentions of defendants, it is authority for the claim of the plaintiff that, when Bailey indorsed the note and retransferred it to the bank, the Bailey transaction was wiped out, and title was left in the bank; and when it subsequently delivered the note to the city treasurer with its indorsement thereon, even though this indorsement was put upon the note at the time of the transfer by the bank to its president for a special purpose, the bank is liable to its transferee precisely as it would be if the indorsement was in blank, general, and unrestricted, and made at the time of the transfer.

Defendants say that under our statute, as previously construed by the Supreme Court of Illinois, from which state it was taken, the legal title to a promissory note can only be transferred to an assignee by an indorsement on the note itself by the person having the legal title. Delivery passes the equitable, but not the legal, title. The defendants, therefore, assuming that the bank transferred the note to the city treasurer only by delivery, argue that thereby the equitable, and not the legal, title passed. Hence, even if this suit had been brought, as required by the common law, in the name of the bank for the use of the plaintiff, no judgment could have been taken by the bank against itself; and as by delivery the city acquired only an equitable title, being only such as the bank itself had, the bank by mere delivery did not assume the liability of an indorser, and no action upon the note by the city against it would lie. Whatever may be said of this contention, if the assumed fact of transfer by delivery only was true, it is entirely foreign to this case if the assumption of fact upon which it is based is not borne out by the record. First it is observed that plaintiff does not rely on a transfer by delivery. She asserts what, in a legal sense, is an indorsement in blank. In the amended complaint there is an allegation that at the time the city surrendered to the bank its certificates of deposit and received therefor this note the bank agreed with the city treasurer that its former indorsement still remaining upon the note should stand in lieu of a present indorsement. But it is apparent that plaintiff claims nothing by virtue of the contemporaneous agreement which defendants say was oral, though the complaint does not say it was of that character; and while there is not an averment in the complaint, in those words, that at the time this transaction took place the bank indorsed the note, yet there are allegations of the various indorsements upon the note which are stated to have been there at the time the note was delivered by the bank to the city.

These allegations show that the bank indorsed this note to Bailey, its president, for a special purpose, which purpose was accomplished. Afterwards the bank, indorser, received back the paper from Bailey, and thereafter reissued it for value, without striking out its former indorsement. This indorsement was not left by mistake, accident, or oversight. Plaintiff's contention, which we think is correct, is that, under the facts, the bank is estopped to deny its liability thereon as indorser, and it makes no difference whether the reissue was before or after maturity.

The indorser is held liable upon the doctrine of estoppel. The city was certainly a purchaser for a large consideration and in good faith, and the bank, in reissuing and delivering to it the note without erasing its former special indorsement, in legal effect then indorsed the note in blank. That such indorsement passes the legal title, fixes the indorser's liability, and authorizes this action by the city as indorsee directly against the bank as indorser is too plain for argument. In thus disposing of the case we do not invoke the doctrine announced in Doom vs. Sherwin, 20 Colo. 234, 38 Pac. 56, that, though indorsement by the payee of a note is necessary to transfer title, indorsement by his transferee is not necessary, as he can pass title by delivery, since plaintiff does not rely upon this rule, and counsel have not cited the case to this effect.

Defendants' objections to the cause of action alleged against the individual defendants McClure and others are (1) that no liability against the bank has been stated, consequently none against these defendants; and (2) if a liability as against the bank is pleaded the complaint fails to allege that the contract whereby McClure and others assumed all the liabilities of the bank was made, or intended by the parties to be, for the benefit of the plaintiff. These objections are not well taken. We have held that the complaint states a cause of action against the bank.

It further charges that, in consideration for a transfer to them by the bank of all its assets, McClure and others assumed and agreed to pay all its liabilities, aggregating about the sum of $41,000. Facts are alleged in the pleading from which it necessarily follows that the note sued on is one of the liabilities of the bank, and that the individual defendants agreed to pay all its liabilities. The complaint clearly brings the plaintiff within the class for whose use and benefit the contract was directly made.

The estimate of the sum of the liabilities at $41,000 does not limit to that sum the liabilities which the individual defendants assumed. At all events, if the pleading is vulnerable at all, it is on the ground of uncertainty. and no such objection was taken below. As against a general demurrer, the amended complaint is good. In thus disposing of the case, we assume, as we must, the truthfulness of the allegations of the complaint. What facts the trial may disclose we do not know.

Judgment reversed, and cause remanded for a new trial.

Reversed.

CHECKS—PRESENTMENT FOR PAYMENT—REASONABLE TIME—DUE DILIGENCE—CUSTOM OF BANKS—PAYMENT STOPPED—LIABILITY OF INDORSER.

PLOVER SAVINGS BANK VS. MOODIE.

Supreme Court of Iowa, Dec. 15, 1906.

If the maker of a check stopped payment before demand was made on the drawee, the indorser could not escape liability, because the instrument was forwarded for collection, through various correspondent banks, according to custom, instead of having been sent by a more direct route to the drawee, in which event demand could have been made more promptly, so long as sufficient diligence was exercised, and the indorser suffered no injury thereby.

In determining what is a reasonable time for the presentation of a check for payment, regard must be had to the custom of banks relating to the presentation of checks for such purpose, under the statute of Iowa.

Custom of banks in regard to the presentation of checks for payment is one of general observance in the banking business, and is presumed to be known by all persons dealing with such institutions.

WEAVER, *J.:* On March 8, 1903, one C. F. Scholer, who was a depositor in the Greenville Bank, doing a banking business at Greenville, Clay county, Iowa, made and delivered to one Claude Heathman his check on said bank payable to the order of said Heathman for the sum of $50; and thereafter on March 12, 1903, said Scholer made and delivered to said Heathman another similar check on the same bank for the further sum of $50. On or about the last-mentioned date Heathman indorsed and delivered both checks to the appellant.

On Friday, March 13, 1903, near the close of business hours, the appellant indorsed and delivered the checks to the appellee bank which was doing business at Plover, in Pocahontas county, Iowa, and received in exchange therefor a certificate of deposit for $100 which was afterwards paid. While the towns of Plover and Greenville are but forty-five miles apart they are on different lines of railway, and the course of the mails between them is quite indirect, and had the appellee forwarded the checks by letter to the Greenville Bank on Saturday they would probably not have reached their destination until after banking hours on Monday, March 16. Instead of sending them direct to Greenville, the appellee, following its customary method in such matters, sent the checks to its correspondent, the Des Moines Savings Bank at Des Moines, Iowa, by the first mail in that direction on Saturday, March 14. On Monday, March 16, the Des Moines Savings Bank forwarded the checks to their correspondent, the Citizens' State Bank at Spencer, Clay county, Iowa, where they were received on March 17. On the same day the Citizens' State Bank turned the checks over to the Citizens' National Bank of Spencer, which was the local correspondent of the Greenville Bank. On the following day, March 18, the Citizens' National Bank forwarded them direct to the Greenville Bank.

The daily mail from Spencer to Greenville does not leave until some time in the afternoon, and if the checks reached Greenville on March 18, as they doubtless did, it was after banking hours, and were not received by the bank until the morning of March 19. Prior to this date, probably about March 16th or 17th, the drawer had stopped payment on the checks claiming that they had been procured from him by fraud, and acting upon this notice the Greenville Bank on March 19th declined to honor them, and caused them to be duly protested. Thereupon, the appellee instituted this action at law to recover upon the appellant's indorsement of the checks. The appellant answered denying liability upon said indorsement because of appellee's alleged negligence in presenting the checks for payment. Other defenses pleaded are not urged in argument, and we need not consider them. In addition to these matters it was also shown in evidence, without substantial dispute, that the method adopted by appellee and by the several correspondents mentioned in forwarding the paper for presentation and demand of payment was in accordance with the general custom prevailing among banks in dealing with checks drawn on other banks not doing business in the same city or town, and cashed by the receiving bank. No evidence was offered tending to show that either of the banks, receiving these checks after their indorsement by appellant, failed to forward them on their way on the day of the receipt or on the following day, except possibly in the case of the Des Moines Savings Bank, and the day there intervening, if any, was Sunday. At the close of the testimony offered on the trial, the court sustained a motion to direct a verdict for the plaintiff for the amount of the checks with interest, and from the judgment entered on such directed verdict the defendant appeals.

The single question to be determined is whether this record presents a case in which a verdict for the defendant, if one had been returned, could properly be permitted to stand. Counsel's contention in support of the appellant's position is based upon two propositions.

1. It is said that in failing to forward the checks by the most direct route from Plover to Greenville, and by electing to send them by a more circuitous route through the hands of correspondent banks, appellee occasioned an unreasonable delay in the presentation of the checks to the drawee for payment, and thereby discharged the appellant from liability as an indorser thereon. By the terms of the negotiable instrument statute a bank check, in the ordinary form, is classed as a bill of exchange payable on demand. Code Supp. 1902, sections 3060-a185. By the same statute it is provided that to charge the indorser of a bill of exchange payable on demand, presentation to the drawee and demand of payment shall be deemed sufficient if made within a reasonable time after its issue, or after the last negotiation of such bill. Code Supp. 1902, section 3060-a71. It is also further provided that, in determining what is a "reasonable time" within the meaning of this act, regard must be had to the nature of the instrument, the usage of the trade or business, if any, with respect to such instruments, and the facts of the particular case. Code Supp. 1902, section 3060-a193. Contrary to the requirement for notice to the indorser of the dishonor of a check or bill upon presentation for payment (Code Supp. 1902, section 3060-a103), the holder of the indorsed paper is not held to any fixed or invariable limit of time in which to make such presentment and demand. He is required to act with reasonable diligence and promptitude taking into consideration the nature

of the instrument, the usages of the business world and the peculiar facts, if any, attending the particular transaction in hand.

With this rule as our standard, we are clearly of the opinion that the record presents nothing to support a finding that the delay, if any, in presenting the checks for payment was chargeable to negligence on part of the appellee. It was shown by the evidence without controversy—indeed, it is a matter of common knowledge—that, by the system to which the handling of such business has been reduced, the innumerable checks and bills received by the banks scattered all over the country flow in concentrating currents to distributing banks, whence they go out to correspondent banks at or near the city or town where the drawee banks are located, for collection.

To hold that the time between the issue of a check upon a distant bank and its presentation for payment by this method is unreasonable, and serves to discharge the indorser, would not only tend to create disastrous confusion in this most important branch of business, but to a disregard of the statute which makes the usage in such business one of the standards by which the reasonableness of the time of presentation for payment is to be determined. Again, as disclosed by the testimony, the transaction under consideration was not a simple matter of collecting checks deposited with the appellee for that purpose. The checks were negotiated by the appellant to the appellee who paid full value therefor. The appellee indorsed the checks to the Des Moines Savings Bank, receiving credit upon its deposit account with the latter for the full amount as for a deposit of so much cash.

In other words, the checks were negotiated by the appellee to the Des Moines Savings Bank, and under the statute already quoted (Code Supp. 1902, section 3060-a71) reasonable time for presentation and demand is to be reckoned from the last negotiation of the paper. Checks are an almost universal substitute for money. They pass from hand to hand, bank to bank, and city to city, and, within reasonable limits, it may be said that no matter how long they remain outstanding, so long as one negotiation promptly follows another and the checks are in fact in circulation the statute requires us to hold that the indorser is not legally prejudiced by the consequent delay in their presentation for payment. Indeed, while at common law it is generally held that when one receives a check payable at a distant bank reasonable diligence requires him to forward it for presentation not later than the next business day thereafter, yet it is equally well settled that this rule is not always one of imperative obligation, but is at times made to give way by reason of circumstances which sufficiently rebut any presumption or inference of negligence on part of the holder. And, among other circumstances having a bearing upon this question, the general course of business has always been recognized as important. Thus, even without the statute it would be extremely doubtful whether a verdict for the appellant upon the ground here contended for could be upheld; and with it, we think, the correctness of the ruling of the trial court thereon is not open to serious question.

2. It is next insisted that the act of the Citizens' National Bank of Spencer in sending the checks direct to the bank on which they were drawn instead of some suitable third person to present the same at the counter of the bank, and demand payment thereon, was negligent as a matter of law, and discharged the indorser.

So far as appears from the record, the drawee bank was and is entirely solvent, the drawer had funds on deposit sufficient to pay the checks and the only reason why they were not honored was the notice received from the drawer to stop payment. The bank acted promptly, protested the notes at once, and gave due notice thereof to the payee and the several indorsers. The parties stand precisely in the same position which they would have occupied had some third person presented the checks over the bank's counter, and been met with the same refusal to pay. The notary who made the demand and protest was for the time being the agent of the transmitting bank, and we cannot see how such presentation and demand by him was any less efficient to protect such bank and all prior indorsers than would be the case had they been made by some other person who had been expressly authorized and employed to perform that service.

3. Error is assigned upon the ruling of the trial court refusing to permit the appellant to testify to his want of knowledge of the custom of banks with respect to the manner of transmitting checks for payment. To this exception we think it a sufficient answer that want of knowledge by one who negotiates and indorses a check, as to the usage of banks relating to its presentation for payment, cannot prevent the application of the statute which makes such usage a factor in determining whether due diligence has been shown. So, also, it may be said that the usage or custom here relied upon is not one of mere private or local character, but one of general observance in the banking business and as such will be presumed to be known by all persons dealing with such institutions. Appellant knew that the checks were negotiable in character and as such were liable to pass from one indorser to another in their transmission to the bank of payment, and when he negotiated them he must be held to have done so with reference to the usual and ordinary manner in which such business is transacted, and to have consented to presentation, demand of payment being made in the manner which generally prevails among prudent, well-conducted banks. Had he negotiated them to a merchant or farmer or other individual who in turn negotiated them to the appellee bank, appellant being sued upon his indorsement would not be heard to deny knowledge of the usage of banks with respect to such business, and we cannot see that such want of knowledge would be of any more avail in a case like the present one where he indorses the paper direct to the bank. His contract, implied from his indorsement, was that if, upon presentation and demand within a reasonable time, the checks were dishonored, and due notice given thereof, he would make them good to his indorsee, and it can make no difference whether he did or did not understand what in law would be held a reasonable time for such

presentment. Other questions argued are ruled by those already discussed, and we need not further consider them. Of course, we are not to be understood as holding that banks are at liberty to adopt any usage or manner of business they see fit, and escape all imputation of negligence for resulting losses to those with whom they may deal. It is reasonable to hold that checks must go forward for presentation with due regard to the interest of the drawers and indorsers, and if banks adopt unreasonably circuitous routes and methods whereby loss results they should bear the burden, but, ordinarily, the natural caution which is engendered by self-interest will be sufficient to insure promptness and dispatch in the discharge of duties of this nature. Where, however, there is reasonable ground upon which to base the charge of negligence, the case should go to the jury under proper instructions.

In the instant case we find nothing to support a finding of this nature, and the judgment of the district court is affirmed.

CHECK — IMMEDIATE PRESENTMENT FOR PAYMENT — FAILURE OF DRAWEE.

GORDON VS. LEVINE.

Supreme Court of Massachusetts, Feb. 28, 1907.

Time for presenting a check for payment is not extended by passing it from hand to hand, for such instrument is intended for immediate use, and not to circulate as a promissory note.

Presentment must be made within a reasonable time after the delivery of the instrument by the drawer, and if a check is not offered for payment in such time, then the holder—not the drawer—must stand the loss arising from the failure of the drawee after the period allowed has expired.

Where the parties to the instrument are all of the same city or town, presentment should be made at some time before the close of the banking hours on the day after it is issued.

Morton, *J.:* This is an action upon a check by the plaintiff as payee against the defendant as drawer. The check was dated Dec. 30, 1905, though there was some question whether it was actually drawn and delivered on that day, or the 31st. The plaintiff is described in the writ as of Chelsea and the defendant as of Boston. The bank on which the check was drawn was in Boston and the check was drawn and delivered there. The plaintiff testified that the defendant asked him not to present the check for a couple of days as he did not have sufficient funds to meet it, but that he presented it Monday morning and was told there were no funds; and that he went to see the defendant at his place of business but did not see him. The plaintiff also testified that in the afternoon of the same day he passed the check to one Saievitz in payment of a bill which he owed him, receiving the balance in cash. And there was testimony tending to show that on the next day Saievitz indorsed it to one Rootstein who deposited it on January 4 in the Faneuil Hall National Bank, Boston, for collection, and that that bank's messenger went with it on the afternoon of the following day, Friday, January 5, to the bank on which it was drawn, The Provident Securities and Banking Co., and found its doors closed. The plaintiff also testified that he told the defendant the bank had failed and that the defendant promised to make the check good. The defendant denied this and also the plaintiff's statement that he had asked the plaintiff not to present the check for a couple of days, and introduced testimony tending to show that at the time when the check was drawn he had sufficient funds on deposit at the bank to meet it, and continued to have down to the failure of the bank. It was admitted that the bank failed Friday, January 5, and the defendant introduced evidence tending to show that he had received no payment or dividend on account of his deposit. There was a verdict for the plaintiff and the case is here on exceptions by the defendant to the refusal of the court to give certain instructions that were requested and to the admission of certain testimony.

The defendant, in substance, asked the court to instruct the jury that a check must be presented for payment in a reasonable time and that in order to have been presented within a reasonable time the check in suit should have been presented before the close of banking hours on Monday; that its transfer to successive holders would not extend the time for presentment and a presentment on January 5 would not be within a reasonable time and if the bank failed in the meantime and the defendant sustained a loss in consequence of delay in presenting the check, he would be discharged from liability to that extent. The court gave in part the instruction thus requested, and refused it in part. It instructed the jury that the check must have been presented for payment within a reasonable time, and that if it was presented on Monday that would be within a reasonable time. But it refused to instruct the jury that the transfer to successive holders would not extend the time, or that a presentment on Friday was not within a reasonable time. On the contrary it instructed them that "the court had occasion to consider that in one case in this Commonwealth (referring, we assume, to Taylor v. Wilson, 11 Met. 44) and it is there stated that a check may also be passed from hand to hand and a reasonable time is allowed to each party receiving the same to present it for payment." And after calling their attention to the provisions of the statute (R. L. c. 73, s. 209) that in considering what a reasonable time is "regard is to be had to the nature of the instrument, the usage of trade or business, if any, with respect to such instruments, and the facts of each particular case," left it to them to determine whether the check was presented on Monday, or, if they were not satisfied that it was, then to determine whether, if it passed from hand to hand and each one had a reasonable time to present it, the presentment on Friday was within a reasonable time. For aught that appears the jury may not have been satisfied that the check was presented on Monday and may have found for the plaintiff on the ground that the presentment on Friday was within a reasonable time. The question is therefore distinctly raised whether a presentment on Friday could have been found to be within a reasonable time.

The general rule is, as was stated by the court and as is provided in the Negotiable Instruments Act (R. L. c. 73, s. 203), that a check must be presented for payment within a reasonable time after it is issued. If it is not so presented and the drawer sustains a loss by reason of the failure of the drawee he will be discharged from liability to the extent of such loss, continuing liable otherwise. This results from the nature of the instrument which though defined in the Negotiable Instruments Act (R. L. c. 73, s. 202) as "a bill of exchange drawn on a bank payable on demand" is intended for immediate use (Mussey v. Eagle Bank, 9 Met. 314) and not to circulate as a promissory note and it consequently would be unjust to subject the drawer to the loss if any resulting from failure to present it for payment within a reasonable time. What is a reasonable time, however, still remains for consideration. The Negotiable Instruments Act provides generally (R. L. c. 73, s. 209) as the court said that "In determining what is a 'reasonable time' or an 'unreasonable time' regard is to be had to the nature of the instrument, the usages of trade or business, if any, with respect to such instruments and the facts of the particular case." This, however, would not seem to lay down or to establish any new rule. The nature of the instrument and the facts of the particular case have always been considered in passing upon the question of reasonable or unreasonable time. In deciding, therefore, whether this check was presented within a reasonable time, if presented on Friday, resort must be had to the rules which have been hitherto established in similar cases. And one of the rules which have been established is that where the drawer and drawee and the payer are all in the same city or town a check to be presented within a reasonable time should be presented at some time before the close of banking hours on the day after it is issued and that its circulation from hand to hand will not extend the time of presentment to the detriment of the drawer. If it is presented and paid afterwards the drawer suffers no harm. But if not presented within the time thus fixed, and there is a loss it falls not on him, but on the holder.

The case of Taylor vs. Wilson, 11 Met. 44, relied on by the plaintiff was a case where a check was drawn by one doing business in Charlestown and living in Roxbury on a bank in Charlestown in favor of a resident of Newport. The check was dated September 30, 1842, which was Friday, and was received by the payee Saturday evening, October 1. On Tuesday, October 4, having been previously cashed for the payee by a local bank, it was given by the cashier of that bank to a messenger to be carried to the Merchants Bank at Providence in the usual course of remitting its funds and securities and was received by that bank on Wednesday and sent by its cashier to the Suffolk Bank at Boston. That bank received it on the next day, October 6, and presented it on the same day to the bank on which it was drawn and payment was refused; —the bank having closed its doors on Monday morning, October 3, and being insolvent. The case was submitted to the court on agreed facts with power to draw inferences and the court found in favor of the payee and against the drawer. The court held in effect that under the circumstances there had been no laches and that the check had been presented within a reasonable time. There is a sentence in the opinion to the effect that a check may pass from hand to hand and that a reasonable time is allowed to each party receiving it to present it for payment and the case has been cited to that point with approval in Veazie Bank v. Winn, 40 Me. 60. But we do not think that the court meant to lay down the rule that under any and all circumstances each party receiving a check from a previous holder was entitled to a reasonable time to present it for payment, or that the case required that it should lay down such a rule. On the contrary, the court expressly said that a party receiving a check was not guilty of laches if he did not present it on the same day on which it was drawn, but was allowed a reasonable time for that purpose, and that the next day was held to be such reasonable time. The decision should be limited to the case before the court which was that of a check drawn on a bank in one place and sent to a payee in another place at considerable distance and forwarded for presentment in the usual course of business and so understood and applied was correct. It follows from what has been said that the exceptions must be sustained. The conclusion to which we have come on the principal question renders it unnecessary to consider the questions of evidence, though we may observe that we see no error in regard to them.

Exceptions sustained.

CHECKS—PAYMENT—MISTAKE—RECOVERY.

IOWA STATE BANK VS. CEREAL REFUND & BROKERAGE CO.

Supreme Court of Iowa, November 10, 1906.

A bank may recover back money paid on a check by mistake.

An officer of a corporation drew a check in the name of the latter, payable to himself, though he knew it had no funds in the bank. Then he deposited it with another bank, which presented it to the drawee for payment. Twice payment was refused, but on the third presentment it was paid inadvertently. In a suit against the corporation the drawee is held entitled to recover the amount it paid on the check.

SHERWIN, *J.:* The facts necessary to an understanding of this case are substantially as follows: The defendant Scruby was at one time the secretary and general manager of the Cereal Refund & Brokerage Company, a corporation which did its banking business with the plaintiff. By virtue of an arrangement with Scruby the bank honored the company's checks, within certain limits, whether it had a balance on hand or not. On or about the 22nd of August, 1903, Scruby resigned, but before finally leaving the office of the company he drew a check on the plaintiff payable to his own order for $200, which was signed: "Cereal Refund and Brokerage Company of Iowa, W. A. Scruby, Sec. and Mgr."

Within two or three days after the check was drawn, he deposited the same, indorsed in blank, in the Citizens' National Bank. At the time the check was drawn, and until some time after its payment by the plaintiff, the Cereal Refund & Brokerage Company had no funds in the plaintiff bank. On the contrary, its account was overdrawn, which fact was well known to Scruby. The Citizens' National Bank twice presented the check to plaintiff for payment through the clearing house, and both times payment was refused. It was presented the third time and was inadvertently paid; there still being an overdraft against the Cereal Company. The appellant was notified by the Citizens' National Bank of the refusal to pay the check, and before it was paid requested the new manager of the Cereal Refund & Brokerage Company to provide funds therefor, claiming that the company was indebted to him for more than the amount represented by the check. This suit was brought to recover the amount paid on the check.

While conceding the general rule to be that money paid by mistake may be recovered in an action at law, the appellant contends that the payment of negotiable paper forms an exception to the general rule, and that this case falls within such exception. It may also be conceded that, where negotiable paper is paid by mistake while in the hands of a bona fide purchaser, the amount so paid cannot be recovered of the party to whom it is paid. (Bank v. Bank, 107 Iowa, 327, 77 N. W. 1045; 44 L. R. A. 131.)

The difficulty with the appellant's claim is that the record abundantly shows that the Citizens' National Bank was not such a holder, and that the suit is not against the bank. Scruby issued the check for the Cereal Refund & Brokerage Company knowing that its account with the plaintiff was overdrawn, and that the bank could at any time refuse to further honor its checks, while such condition existed. In other words, the payment of an overdraft was a matter of grace on the part of the bank and not because of any legal liability. He knew that the account was overdrawn; and, instead of presenting the check in person for payment, he deposited it in another bank several days after he had drawn it and after he had ceased to be secretary and manager of the Cereal Company. Not only this, but after the check had been twice refused, and he had been notified thereof, he caused it to be again presented for payment and thereafter received and retained the money paid thereon.

The cases cited and relied upon by the appellant are not in conflict with the views here expressed. They are: Bank vs. Bank, 74 Fed. 276, 20 C. C. A. 181; Bank vs. Swift (Md.) 17 Atl. 336; Bank vs. Devenish (Colo. Sup.) 25 Pac. 177; Bank vs. Burkham, 32 Mich. 329; Bank vs.

Marshalltown, 107 Iowa, 327, 77 N. W. 1045, 44 L. R. A. 131; Bank vs. Berrall (N. J. Err. & App.) 58 Atl. 189.

Many other matters are presented and argued by the appellee, but in view of our holding on the main proposition they need not be further noticed.

The motion to strike parts of the appellant's additional abstract and the motion to strike all of the evidence abstracted by the appellant are both overruled. The judgment is affirmed.

Affirmed.

BILLS AND NOTES—PAYMENT—INTENTION—CONSIDERATION—INTENT OF PARTIES—CHECKS—TRANSFER OF MONEY—NON-NEGOTIABLE INSTRUMENT—CANCELLATION OF NOTE.

DILLE VS. WHITE.

Supreme Court of Iowa, Nov. 20, 1906.

The intention of the parties determines the effect of a delivery and acceptance of a check, note, or draft in payment of a debt—whether the instrument suffices to discharge the indebtedness, or is merely conditional payment, becoming effective to discharge the obligation when it is duly honored.

Cashier's checks, payable "in current funds," rather than money, are not negotiable.

Where a party executed a note and mortgage to another, accepting cashier's checks therefor, neither party knowing of the insolvency of the bank, and both intending a transfer of money by means of paper, rather than a purchase of the paper with the note, the borrower is held entitled either to his money or a cancellation of the note and mortgage.

WEAVER, *J.:* The petition alleges that on or about January 14, 1904, the defendant undertook to make a loan to plaintiff of $4,400, the repayment of which was to be secured by mortgage upon certain real estate in Ringgold county; that, in pursuance of such agreement, plaintiff did make and deliver to defendant his promissory note and mortgage for said amount, but that no part of said loan has ever in fact been received by the plaintiff, and the defendant refuses to pay or furnish the same to the plaintiff, and refuses to return the said note or to cancel and discharge the mortgage.

Upon these allegations, plaintiff demands judgment against the defendant in the sum of $4,400, and interest from the date of the delivery of the note and mortgage, or that said securities be canceled and discharged. Answering this claim, the defendant admits the agreement to make the loan, as alleged in the petition, and alleges that, in pursuance of such agreement, he delivered to plaintiff "cashier's checks" upon the Citizens' Bank of Mt. Ayr, Iowa, to the amount of $4,400, which plaintiff accepted in lieu of cash, and as full and complete performance and satisfaction of defendant's undertaking in respect to said loan. He further alleges that the checks so delivered were, by the said bank, paid to plaintiff by the issuance to him, at his request, of a draft on the Stockyards Bank of St. Joseph, Mo., for an equal amount, and the checks were thereupon marked "paid and canceled."

In reply, the plaintiff admits the delivery to him by defendant of the two cashier's checks mentioned, but denies that they were delivered or accepted as a performance of the defendant's agreement to make the loan, or as a payment of the said sum of $4,400, but simply as a convenient method or medium by which the actual cash was to be transferred to plaintiff, from the defendant.

He further says: That in fact defendant delivered the checks with the representation and upon the understanding that they were drafts of the kind usually issued by banks for the remittance or transfer of money, and that plaintiff, being unacquainted with the forms of such transactions, did not know the real character of the instruments until later on the same day, upon attempting to make use of them, he found that instead of drafts they were simply checks drawn upon the Citizens' Bank by its own cashier, whereupon he went to said bank, and, at his request, the cashier took up said checks and issued to him in place thereof the draft upon the Stockyards Bank mentioned in the answer. That in fact at the time of the transaction with the defendant, and at all times thereafter, the said Citizens' Bank was insolvent. That it had no money with which to pay said checks, nor any in the Stockyards Bank with which to meet said draft, and closed its doors on the morning of the following day. That no part of the checks or draft has been paid, and they are and at all times have been worthless and uncollectable.

The plaintiff also tenders a return of the checks to the defendant. The district court found for the plaintiff for the sum of $4,400 and interest, but provided that a surrender of the plaintiff's note and mortgage duly canceled if defendant should elect to do so, should operate as a satisfaction of the judgment. The defendant appeals.

From the foregoing statement it is readily apparent that the one question to be determined in this controversy is whether the delivery of the so-called "cashier's checks" by the appellant, and their receipt by the appellee, are to be treated as constituting a payment to the latter of the money which the former undertook to loan him; and hence upon which party the loss occasioned by the insolvency of the bank must fall.

If this were a case in which, as urged by appellant's counsel, the appellee could fairly be said to have negotiated for the purchase from appellant of checks or drafts which had been drawn by the Citizens' Bank, it could then be conceded that, under the ordinary rule, the delivery of the instruments which were the subject of the negotiation would have served to pass the title, and, in the absence of fraud or misrepresentation by the appellant, the risk of the bank's failure before payment would have been borne by the former. But such is not the case here presented. Appellee was not purchasing or desiring to purchase commercial paper of any kind from the appellant. He was a borrower, seeking a loan of money with which to complete a land purchase. The appellant undertook to lend him the desired sum of money, not to sell him commercial paper or securities. The terms of the loan had been fully agreed upon before anything was said as to the manner or form in which the specified sum should be paid over and the checks or drafts were given and accepted not as the money itself, but as a convenient mode of obtaining the money. That such is the effect of payment by check or draft in the absence of an agreement to receive the paper in satisfaction or extinguishment of the original obligation is well settled. Payment by check is said in numerous authorities to be conditional only, and becomes effective to discharge the obligations upon which they are delivered only when duly honored. This is also true under ordinary conditions where the party under obligation attempts to pay money by means of bills of exchange drawn by and upon third parties.

A contrary rule has been announced in Massachusetts, Maine, and Indiana, where the giving of a check, note, or draft for a debt or obligation to pay money is held to operate as a payment or extinguishment of the obligation, but elsewhere the authorities are quite unanimous in support of the rule as we have stated it. But even in the states named it is held to be a rule of presumption only, and that the intention of the parties when expressly declared or when shown by collateral facts and circumstances will be allowed to prevail. In the application of this doctrine a distinction has frequently been drawn between checks, drafts, and notes received upon a precedent indebtedness, and those received in the transaction out of which the indebtedness arises, and it is sometimes said that the delivery and acceptance of the unindorsed check, draft, or note of a third party for a debt of contemporaneous origin will operate as payment. And it may be fully conceded that in all cases where a party holding the note or other written obligation of another sells it or exchanges it for other property without indorsement, and without fraud, no presumption of liability arises against him in the event the paper proves to be worthless. But, where the note, check, or draft is not given and accepted as the thing for which the receiver has bargained, but as a convenient method by which the money it represents may be transferred from one party to the other, there is a presumption that the payment is conditional upon the paper being honored on due presentation. It is undoubtedly true that as to the presumption attending transactions of this kind and the burden of proof concerning the intention of the parties, the cases are in considerable confusion, but the exigencies of the present appeal do not require any attempt on our part to elucidate the true rule in these respects; for, wherever the burden be placed, we believe the record sufficient to support the finding of the trial court. That the intention of the parties shall prevail in determining whether the delivery and acceptance of a note, check, or draft, drawn by the debtor or by a third person are to be treated as payment in themselves or as payment conditional upon the honoring of the paper by the drawee, is held with substantial unanimity by all the courts.

There are a few exceptional cases, principally in the state of New York, where the court has seemed to trench upon the province of the jury respecting this matter of fact, and dispose of the question as one of law, but the courts of that state appear, nevertheless, to be committed to the rule as above stated that the intention of the parties will control the question of payment, and that such intention may be established by proof of an express agreement or of circumstances from which an agreement or understanding may be implied.

In considering the question of the intent of the parties in the instant case, we must not close our eyes to the facts attending and characterizing the transaction between the parties, or to the manner in which such transactions are usually negotiated and consummated in the business world. The vast majority of men having money to invest in any considerable sum do not carry their funds upon their person or in their desks, but keep them on deposit in some bank, and, save in exceptional cases, the delivery of money upon a loan or other investment is accomplished through the medium of checks, orders or drafts, and not by immediate and direct transfer of the money. Of such transactions, a leading writer says that, in the absence of any agreement to the contrary, a payment by note or bill of exchange "is always presumed to be conditional." (Benjamin on Sales [2d Ed.] § 729.)

The paper is given and received upon the mutual faith and understanding of the parties that it represents actual value to its full nominal amount, and that on due presentation to the drawee it will be honored, and only upon its being thus honored does the payment become effective and absolute. This has often been held true even where the person entitled to receive the money expresses a preference for its payment by check, but does not agree to assume the risk of its being honored.

There is another view upon which the judgment below can well be sustained. It is shown beyond question that at the date of the attempted loan the private banker with whom appellant's money was deposited was hopelessly insolvent, and within a few hours thereafter closed his doors in bankruptcy. When the checks were delivered, and at all times thereafter, there was not sufficient money in the bank with which to honor them, and, had they been immediately presented with a demand for the cash, they would not have been paid. The appellant's money had already been lost, though he was ignorant of the fact. It was in this condition of affairs that the parties exchanged papers, both believing the money was in the bank with which to meet the checks and consummate the loan. Had the appellant known of the true condition of the bank, and concealed the facts from the appellee, thereby leading him to take the worthless checks, he would have been guilty of a fraud for which an action at law would lie. Under such circumstances, where both parties act in good faith upon the supposition that the subject of their negotiation is a thing of value, when in fact it is wholly or comparatively worthless, we have often held that the party who has been misled to his injury may have relief on the ground of mutual mistake. In such case "natural justice demands" that the parties be restored to their original situation, and if either refused equity will enforce restoration.

It is said finally that the act of the appellee in taking the cashier's checks back to the bank, and receiving drafts therefor deprives him of the right to recover even if otherwise he might have had a cause of action; and, further that no right of action could arise until he had returned or tendered a return of the checks. We think neither contention sound. In the first place the appellant, as a witness, concedes that he did not ask the banker for cashier's checks, but for drafts, and did not know that the papers delivered by him by appellee were not drafts until after the failure had become public. He called for drafts, received and delivered to appellee what they both supposed were drafts, and when appellee attempting to use them ascertained their true character, he went to the banker, and got just what appellant had promised and undertaken to give him. The checks and drafts were equally worthless, and the act of the appellee in no manner prejudiced or caused loss or injury to the appellant. Even the negotiation or transfer of a check or bill so received does not affect the creditor's right to recover upon the original consideration if such check be returned or tendered upon the trial, or be otherwise shown to be no longer an outstanding demand against the debtor.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

CERTIFICATE OF DEPOSIT—TWO PAYEES.

PORTLAND, OREGON, July 15, 1907.

Editor Bankers' Magazine:

SIR: Will you kindly answer the following questions:

(1) What is the proper wording to use in certificate of deposit and like papers, issued for joint account of two or more people payable to either and in case of death, to the survivor?

(2) Bank at A sells draft to B, who cashes it at bank at C, but C overlooks having B endorse the draft. B leaves town and C fails to locate him. How should bank at C protect bank at A in order that they may receive their money?

(3) Bank at A receives by mail from bank at B, for payment and remittance, A's certificate of deposit, with other checks on A. The party to whom A had issued the certificate of deposit was a stranger, cashing same presumably at his home bank; the endorsements are as usual, that on the checks guaranteeing previous endorsements; but B's stamped endorsement on the certificate of deposit has the words guaranteeing previous endorsement erased. Ought bank at A pay the certificate of deposit under those circumstances, or should it hold for investigation and endeavor to learn if the right party had obtained the money, or should bank at B be required to guarantee the endorsement? IDAHO.

Answer.— (1) In cases of this kind, the important point to be provided for is that it shall be clear that the parties intend that the fund shall belong to the survivor, and any form which will make this manifest is sufficient. (See Augsbury vs. Shurtliff, 180 N. Y. 138.) The following forms would answer: "Payable to A and B, or to the survivor of them"; or, "Payable to A or B, or the survivor of them."

(2) The instrument could not properly be protested until after it had been presented for payment, and no such presentment could be made until the instrument has been indorsed by the payee. But by the provisions of the Negotiable Instruments Law, the bank cashing the draft acquired all the title of the payee, therein, and also became entitled to have his endorsement thereon. (Sec. 49, Oregon Act.) The proper mode, then, of dealing with the matter would be for Bank C to agree to indemnify Bank A, and for A to pay the amount to C.

(3) In erasing the words of guaranty in its indorsement of the certificate of deposit, Bank B probably acted upon the supposition that a bank is bound to know the signature of the payee named in its certificate of deposit, just as it is bound to know the signature of one of its depositors on the checks drawn by him. But this is not correct. A certificate of deposit is in the nature of a promissory note, of which the bank is the maker, and it is no more bound to know the signature of the payee than is the maker of a note, who is under no obligation in this respect. Bank A is, therefore, entitled to have the indorsement guaranteed by Bank B, or to a reasonable time in which to ascertain whether what purports to be the signature of the payee is genuine. In many cases, however, banks when issuing a certificate of deposit take the signature of the payee on a signature card, precisely as they do where the depositor expects to draw checks, and where the bank has such a signature, no guaranty or further inquiry would be necessary.

REFUSAL TO CERTIFY CHECK—INSUFFICIENT FUNDS.

St. Louis, Mo., July 25, 1907.

Editor Bankers' Magazine:

Sir: A, who is a merchant in this city, becomes financially embarrassed, and is unable to pay his creditors in full. On June 9 he gives a check for \$425 to one of his creditors, who immediately presents the check for certification. A's balance at that time is \$312.60, certification is refused. The holder of the check offers to take \$312.60, and deliver up the check. Should we pay him the amount? Teller.

Answer.—A bank has the right to pay out the funds of its customer only in strict compliance with his orders, and if for any reason it cannot make payment in accordance with the tenor of his check, it should merely refuse payment, and should not attempt to make any adjustments. To do otherwise might involve the bank in a controversy between the drawer and the payee, and, in the case stated, might, if the drawer should be declared a bankrupt, raise a question between the bank and the trustee in bankruptcy.

SAVINGS BANKS

NEW FORM OF CERTIFICATE OF DEPOSIT.

A NOVEL form of certificate of deposit has been issued by the Depositors' Savings and Trust Company of Cleveland, Ohio, of which Hon. Tom L. Johnson is president. Through the courtesy of the company, a facsimile of one of these certificates is presented below.

These certificates are in denominations as small as one dollar, and being printed in different colors, they closely resemble currency. Indeed, it was at first announced that the Government would impose a ten per cent. tax on them as state bank notes, but later reports are that the tax will not be collected, unless it appears that the certificates are used as money. There is no doubt that they can be so employed, to a limited extent at least; but so can ordinary checks.

These certificates, it is claimed, have the following advantages, in that they combine in one instrument:

(1) Certificate of deposit.
(2) An interest-bearing certificate.
(3) A personal check of the depositor.
(4) A certified personal check of the depositor.
(5) A money order.
(6) A travellers' check.

(7) A New York draft.
(8) An evidence of savings deposit without the use of a pass-book.
(9) A self-identifying instrument.

That a piece of paper combining all these features is a great improvement over the ordinary pass-book deposit is manifest. It is pointed out that the bookkeeping is done automatically, the interest being shown at a glance on the face of the certificate.

The following directions are given:

"As soon as certificate is received write signature on the line after the words 'Signature of depositor.' This at once makes the instrument absolutely safe to the owner.

When the depositor desires to use the certificate, write name on the line after the words 'To be countersigned here by depositor.' This at once makes the amount called for by the certificate, including accrued interest, if any, payable to the order of the person named in the space after the words 'Payable to the order of.' "

In making these certificates available as personal checks, the small depositor is given a convenience of which he has heretofore been deprived, while their use as New York exchange will at once settle the express money order controversy. It is not improbable that these two features alone will greatly increase the bank's deposits. When a bank has devised a practicable plan for furnishing exchange free, depending for reimbursement on the increase of its deposits, the competition between the banks and express companies in the matter of furnishing exchange, will, as The Bankers' Magazine has repeatedly pointed out, become a settled question.

The possible uses of these certificates as money will no doubt be carefully watched by the Federal Government and by the national banks. In ordinary times, the certificates would not circulate much, since they would be hoarded for the sake of the interest; but in times of financial stringency when the rate for money was high and currency scarce, they might be used as money to a considerable extent. Perhaps they may perform a valuable function in educating the public to the use of "asset currency," of which a certified check or certificate of deposit is the simplest form.

These instruments recall the interest-bearing notes issued during the Civil War. If they are found to be unobjectionable in actual use and if the Government does not tax them, they will doubtless become popular and profitable.

SAVINGS DEPARTMENTS IN COMMERCIAL BANKS.

THAT there is a remote danger to commercial banks which have savings bank departments was expressed in an address delivered at the last annual convention of the Washington State Bankers' Association by N. B. Coffman, president of Coffman, Dobson & Co., Chehalis, Washington. He said:

"We are putting on our windows: 'Savings Department—four per cent. Interest.' I think that is the most remarkable movement along the line of commercial greed of modern times.

Gentlemen of commercial banks who have savings departments, do you realize that the line of thought between the commercial bank, between the representatives of capital and its employment and the man who is producing it in labor, are growing more and more divergent? If, in the years to come, which may be next year, and may be I hope not for many years, something should occur by which the commercial bank having upon its books in its savings department its three or four thousand depositors with their little savings, men, women and children, knowing nothing about the movements of money, catching their ideas from the 'yellow' journals or from the rumors they get upon the street, I can imagine one great business centre in this Northwest where there is not room upon the streets in the four corners where this great financial institution stands to hold these frightened savings depositors if they were piled ten deep.

And, gentlemen, we who are doing a commercial business and only take this in on the side, I wonder if we can afford to do it; I wonder if some time we would not wish that we could cut off our right hand rather than ever it should put itself down to sign up for a savings department in a commercial bank.

This is the newest, the most remarkable thing that has been done in modern banking; it is untried; it is experimental; I am not going to say it is dangerous, but it is certainly almost alarming in the wonderful growth it has made. I don't know what to do when I get home; but I wish we didn't have that savings department."

SAVINGS BANK INSURANCE

ON November 1 next a law goes into effect permitting the savings banks of Massachusetts to conduct an industrial insurance department. This department is to be separate from the regular savings bank, but the insurance funds are to be invested in the same manner as the savings funds. There is to be no solicitation by agents and no house-to-house collections of premiums. Policies are limited to a maximum of $500 and annuities to $100 yearly. A general insurance guaranty fund is created to assure the payment of losses.

ATLANTIC CITY TO NEW YORK.

BANKERS attending the convention of the American Bankers' Association at Atlantic City, September 24-27 may wish to spend a day in New York to consult with their correspondents or transact other business. For this purpose the fast train service of the Pennsylvania Railroad will be found available, enabling one to leave Atlantic City at 7.30 A. M. and arrive in New York at 11.03 A. M. Returning, the trains leave New York at 4.55 P. M. and reach Atlantic City at 8.35 P. M., thus giving the banker practically a full day in the country's financial centre. Other trains run both ways at convenient hours.

CANADIAN BANKING AND COMMERCE.

A SEMI-ANNUAL REVIEW.

BY H. M. P. ECKARDT.

IN Canada the first six months of 1907 have revealed the fact that the universally prosperous conditions have become mixed with some alloy. There are two principal causes of disturbance, one of which, the monetary stringency, is always to be looked for after several years of great commercial, industrial and political development. A spring season unfavorable for agricultural operations furnished the other cause.

With regard to the first, Canada takes what consolation she can from the fact that it is well-nigh world wide in scope. And with regard to the second, too, she has the company of a number of other countries.

The monetary conditions can best be described in connection with the statistics of banking. As there was in the first three or four months of the year an unusual shrinkage in the bank deposits, it has been thought advisable to show, along with the figures of the bank position on June 30, 1907, those of six months ago, and a year ago. In this way a better comparison can be made. The statements of position on the respective dates are shown below:

CANADIAN BANKS.

Liabilities.

	June 30, 1907.	Dec. 31, 1906.	June 30, 1906.
Note circulation	$75,510,402	$78,416,780	$69,366,505
Dominion Government deposits	5,191,321	4,730,421	7,691,164
Provincial Government deposits	10,450,465	9,687,270	6,762,985
Deposits of the public demand	170,042,326	192,143,482	157,992,133
Deposits of the public "notice"	419,417,563	398,765,182	378,777,386
Deposits elsewhere than in Canada	59,176,306	64,191,182	47,344,212
Loans from other banks, Canada, secured..	1,731,619	5,717,720	890,032
Deposits of other banks, Canada	6,480,286	6,395,645	4,434,474
Due to banks in Great Britain	12,210,426	8,207,158	7,431,645
Due to banks in foreign countries	5,891,386	1,716,823	2,028,143
Other liabilities	14,973,414	12,684,795	15,995,551
Total liabilities to the public	$781,075,593	$782,656,528	$698,714,302
Capital paid	96,362,130	95,509,015	91,074,505
Rest or surplus	69,556,585	69,258,007	63,755,287
Balance of undivided profits	11,347,947	6,768,996	8,058,236
Total liabilities	$958,342,255	$954,192,546	$861,602,330

Assets.

	June 30, 1907.	Dec. 31, 1906.	June 30, 1906.
Specie	$24,101,603	$23,752,750	$20,108,117
Legal-tender notes	45,554,182	44,266,154	37,609,454
Circulation redemption fund	4,188,909	4,327,669	3,506,267
Notes and checks other Canadian banks....	29,516,911	38,937,901	25,499,128
Loans to other banks, Canada, secured......	1,731,619	5,717,714	890,023
Deposits in other banks, Canada	9,267,438	9,832,685	6,998,230
Due by banks in Great Britain	10,300,165	7,844,990	10,437,917
Due by banks in foreign countries	14,771,776	15,512,627	15,236,032
Dominion and Provincial Gov'ment securities	9,666,951	9,536,448	9,537,253
Canadian municipal and British and foreign public securities	21,674,369	21,376,833	20,282,398
Railway and other bonds	41,381,810	41,455,319	41,180,347
Call loans, Canada	49,481,179	57,511,747	56,024,697
Call loans, elsewhere	55,298,873	58,958,156	53,476,822
Current loans, Canada	586,930,448	548,684,480	501,621,978
Current loans, elsewhere	23,388,259	36,474,231	33,159,245
Loans to Dominion and Provincial Gov'ments	1,855,974	1,360,184	1,410,876
Overdue debts	3,559,069	3,048,289	1,691,553
Real estate other than premises	972,442	918,028	843,693
Mortgages on real estate	356,209	420,959	436,400
Bank premises	15,939,081	14,860,607	12,460,214
Other assets	8,404,849	9,394,586	9,191,501
Total assets	$958,342,255	$954,192,546	$861,602,330

(Difference in addition due to omission of cents from figures reported by thirty-six banks in Government bank statement.)

The above figures explain the stringency fairly well, so far as Canada is concerned. In the six months liabilities to the public decreased over one and a half millions; liabilities to stockholders increased nearly five and three quarter millions—making a net increase in the banking resources of a little over four millions. But, on the other hand, their "current loans in Canada," or commercial discounts, increased over thirty-eight millions. To accomplish this it has been necessary to draw home foreign investments (call and current loans abroad show a decrease of sixteen millions) and generally to utilize their reserves of quick assets. This latter tendency is noticeable too in the case of the national banks of the United States as shown in the reports of the Comptroller of the Currency. It constitutes, in both instances, a weakening of the bank position, and is due to the unexampled demands for accommodation from commercial and industrial borrowers. It is not easy to see how, in either country, expansion can be vigorously pushed, as it has been, without straining the credit machinery to the danger point. And if there is, from any cause, a moderate recession in business in the immediate future, one of the benefits to be expected from it is that it will permit the banking institutions to strengthen themselves in respect to their quick assets.

With such pressure for loans at profitable rates it would be strange if the banks did not issue favorable reports of earnings. In the following table are included all reports of earnings since the end of 1906:

PROFITS AND DIVIDENDS.

	Year ended:	—PROFITS— 1907.	1906.	—DIV. PAID— 1907. Per cent.	1906.
Merchants' Bank of Canada	May 31	$961,660	$740,399	8	7
Imperial Bank of Canada	Apr. 30	719,029	(a) 535,786	10¼	10
Union Bank of Canada	May 31	446,532	452,931	7	7
Quebec Bank	May 15	300,011	295,037	7	7
Standard Bank of Canada	May 31	251,618	175,652	12	10½
La Banque Nationale	Apr. 30	252,361	195,753	7	6
Sovereign Bank of Canada (b)	Apr. 30	243,027	187,468	6	6
Union Bank of Halifax	Jan. 31	171,008	168,151	8	7½
Western Bank of Canada	Feb. 28	83,941	88,576	7	7
Home Bank of Canada	May 31	78,031	(c) 25,171	6	6
Sterling Bank of Canada (d)	Apr. 30	27,206	......	1¼	..
		$3,534,424	$2,864,924		
	Half-year ended:			Dividend per annum.	
Bank of Montreal	Apr. 30	$982,858	$840,562	10	10
Bank of British N. America (e)	Dec. 31	327,309	287,462	6	7
Dominion Bank	June 30	297,505	269,704	12	12
		$1,607,672	$1,397,728		

The tendency among the banks to have their fiscal years end in the last quarter of the calendar year continues to manifest itself. Some three or four of the eleven banks given in the first list have announced their intention of changing. When all the important banks have their fiscal

(a) Imperial Bank of Canada, profits for 1906, 11 months.

(b) Sovereign Bank of Canada, ordinary profits 1907 shown. Reorganization and reduction in capital referred to below, in text.

(c) Home Bank of Canada, profits 1906, five months.

(d) Sterling Bank of Canada, first year of operation.

(e) Bank of British North America, profits for six months ending Dec. 31 are given because, owing to its London board of directors, two or three months elapses before results are published.

years to cover pretty much the same period of time a more satisfactory comparison of earnings can be instituted.

So far as the outlook for profits in the balance of the year is concerned, it is believed that the satisfactory earnings will at least be maintained. Rates of interest are high and the demand for discounts is as strong as ever. That part of the prospect and the change in the composition of the bank assets—the diversion of quick assets into commercial loans—point, indeed, to higher profits than heretofore. But there have been announced, since the failure of the Ontario Bank last October, and the reorganization of the Sovereign Bank of Canada in June this year, a number of mercantile failures and liquidations. It is quite possible that the stringent monetary conditions may result in other failures from time to time, and the banks may find it necessary to apply a larger amount than usual of their profits in writing off losses in this connection. However, the present indications are that the last half of 1907 will be favorable for banking profits.

History of the Half Year.

The history of the banking half-year is marked by two important occurrences. The first was the unusual fall in deposits referred to at the beginning of this article. In every year there is to be seen in January and thereabouts a seasonal contraction of banking liabilities. The extra note issues for crop-moving purposes are redeemed and liquidated; and the increased "demand" deposits, originating from the increase in the check circulation during the busiest time of the year, are paid off. But this spring the contraction was more persistent than usual. Through January, February and March it continued. By the end of March deposits had fallen twenty-one millions, and note circulation was two millions less than on December 31, 1906. Since the end of March deposits have gained but fifteen millions and circulation has not gained any.

The phenomenon is said to have several causes. In the first place, a larger contraction than usual was natural because the expansion last fall was greater than usual. Next, the dearness and tightness of money caused the owners of bank deposits to invest them in securities and loans bearing good rates of interest, and speculation in Western real estate and Eastern mining shares also, no doubt, caused some little lock-up.

The other important event was the reorganization of the Sovereign Bank of Canada. In the review of Canadian Banking and Commerce for 1906 published in The Bankers' Magazine for February, 1907, the incidents in connection with the sale of this bank's stock, or a large block of it, to the Dresdner Bank of Germany, and J. Pierpont Morgan and associates of New York, were related. It was also told how the bank had, by means of vigorous advertising and novel methods, made phenomenally rapid strides. It had come, in fact, to be a sort of leader in a new type of banking, and it owed a great deal of its popularity and success with the public to the manner in which it cut away from some of the old-fashioned ideas about what banks might do and what they might not. In short, it was looked upon as the leading exponent of the ultra progressive banking practice. Every annual report since its organization in April, 1902, up to and including that for April, 1906, contained the most glowing description of the bank's prosperity, and there was great danger that others of the new banks might be induced to imitate it in some of the methods disapproved of by the conservative banking element. But there is no longer any danger of that happening. The story of the reorganization, as told at the meeting on June 11 last by the new president of the bank, Mr. Aemilius Jarvis of Toronto, is as follows:

"Upon my return from England in April last the large foreign interests which held stock in the bank represented that they were not satisfied with the way it was being managed, and they intimated that they would like to take the active presidency.* * * Apart from the dissatisfaction with the management, they stated that the bank's methods had caused great irritation to the other Canadian banks, who were in consequence not very friendly towards it, and they felt that owing to my close connection with a number of banking institutions I might be able at the present moment to bring about a better feeling with the other banks."

The upshot was that Mr. Jarvis appointed officers to make a thorough investigation of the bank's affairs independent of the former management, and they found in their report that two and a quarter millions were required to write down the assets to a proper conservative basis. This appropriation wiped out the reserve fund of one and a quarter millions and knocked a million from the capital of $4,000,000. This placed the bank's affairs on a rock-bottom basis, and the leading bankers have publicly declared that they have perfect confidence in the new management and that they are prepared to co-operate heartily with it, so that full confidence in the bank's stability is felt by everybody. The occurrence has significance and importance, because of the sharp lesson it carried as to the wisdom of sticking to sound banking principles.

Agricultural Conditions.

The unseasonable spring has proved detrimental to the agricultural interests in pretty much all parts of Canada. Wheat and hay will be poor in Eastern Canada and a reduction in the dairy output is expected. In the West the wheat crop will be less—the acreage being from fifteen to twenty-five per cent. under 1906. This is partly offset by an increase in the acreage of oats and barley. It is expected, too, that prices will be higher than last year.

Immigration.

For the first five months of the calendar year the immigration was 131,776 as against 106,133 last year. The British Isles are responsible for practically the whole of the increase. The steamship companies are heavily booked with immigrant passages, and it is certain that the movement will largely exceed last year's.

Foreign Trade.

The Dominion has changed the ending of its fiscal year from June 30 to March 31. The figures published at the end of March this year therefore contained the results for nine months. One effect of the change is to make comparison with previous years more difficult. At the date of writing a synopsis of the foreign trade of the three months ended June 30 had been given out. The total trade was $150,140,589, or about $100,000 ahead of the same three months of last year. The heavy excess of imports over exports, noticeable for some time back, continues. In the three months imports are fourteen millions ahead of last year and exports fourteen millions less.

Railroad congestion and dock strikes were responsible for the decrease in exports. It is expected to be made up during the course of the summer. The monetary stringency can be relied upon to check the importations if they tend to proceed at too rapid a pace.

Mining.

The speculation in Cobalt mines has considerably flattened—the quotations for many of the leading mines having dropped heavily. At the present time the depression is deepened by a strike of the miners at the camp, which has tied up operations pretty effectually. Efforts are now being made to dispose of the stocks of several Cobalt propositions in London, with but indifferent success in respect to some of them.

As for the prospects generally, the feeling is that they are good. There is but little diminution in the confident anticipations of the business men. They do not, apparently, expect that the shortage in the crop yield, if there is one, will be important enough to check the country's progress.

DUTCH HOLDINGS OF AMERICAN SECURITIES.

CONSUL F. D. Hill, in his report from Amsterdam, says:

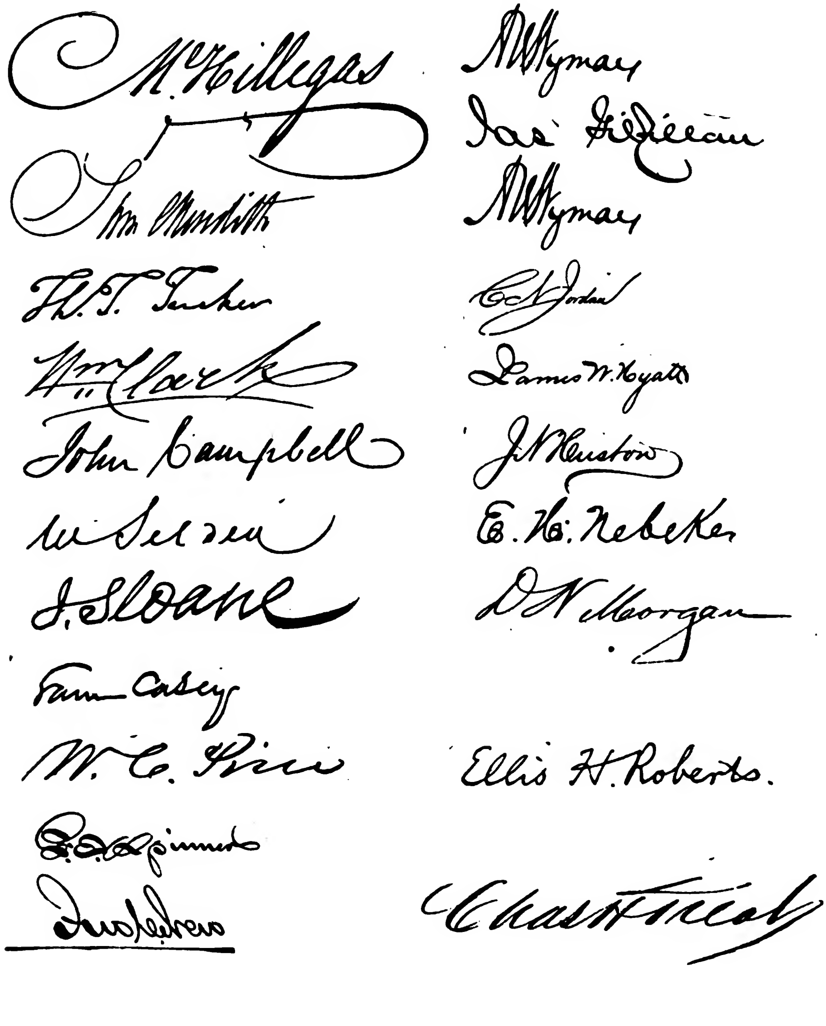
"Whatever truth there may be in the statements of publicists and financial writers that the United States has become a creditor and ceased to be a debtor nation, certainly a larger amount of American securities are now held here than in 1899. An Amsterdam international banker makes the following statement:

'We are inclined to think that the total holding of American railway bonds has slightly increased, say, from $296,000,000 to $309,000,000, but owing to the strained condition of the money market, which has caused an all round setback in price, the real value may be somewhat lower now than it was a year ago. Total stocks and bonds, cash value $416,000,000.'

Usually American securities are held here to the extent of from $250,000,000 to $400,000,000 cash value. It is the opinion of financial experts who have gone most carefully into this matter that Amsterdam's holdings, almost altogether railway stocks and bonds, usually aggregate about one-tenth of those of London, and sum up not greatly less than those of all other European bourses—Frankfort, Paris, Berlin, and Brussels combined."

SIGNATURES OF THE UNITED STATES TREASURERS.

THROUGH the courtesy of Hon. Charles H. Treat, Treasurer of the United States, THE BANKERS' MAGAZINE presents facsimiles of the signatures of the various Treasurers of the United States from the foundation of the Government to the present time.



BANKING PUBLICITY

THE "NEW IDEA" IN BOND ADVERTISING.

CONSIDERABLE interest is being manifested in the present-day publicity of some of the bond houses. One has only to contrast the bond advertising situation of to-day with that of a few years ago to recognize the step forward that has been taken, particularly in the line of advertising by some of the leading bond houses in the high-class general magazines.

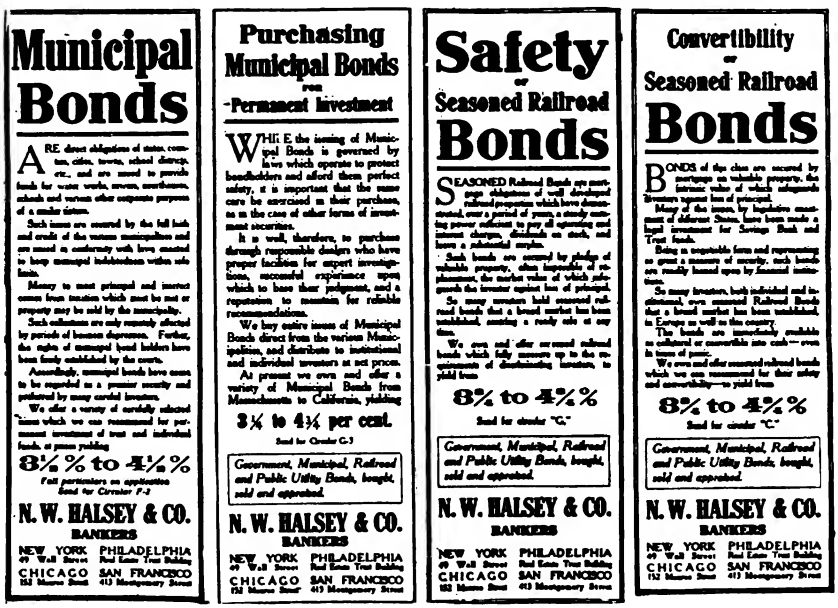
This did not attract particular attention at first, as it was thought to be merely an experiment on the part of one or two of the houses. But it is now evident that "a new idea" has been injected into bond advertising and one which, in fact, promises to be one of the most important developments in the history of financial advertising.

While for years some house has published an occasional advertisement in one of the popular magazines, this "new idea" now appears to have been adopted by a number of banks, trust companies and bond dealers.

One of the first to enter the magazine pages in a definite way, and a pioneer in the new style of vigorous, informative advertisements, was the firm of Messrs. N. W. Halsey & Co. This house has again given evidence that it is progressive as well as conservative. The firm is a careful student of modern publicity. When it began to place its advertising in the high-class magazines it evidently did so in pursuance of a well-defined plan. That its "idea" was well conceived and carefully executed is indicated by an examination of the financial advertising pages of, say, the "World's Work" wherein will be found announcements of several bond houses which have awakened to the possibilities of the general magazine field. One of the most interesting features revealed by this examination is the evidence that each house has a plan of its own. But practically all adhere to one feature which is undoubtedly the keynote of successful bond advertising in the magazines today, i. e., educational copy. It is certainly refreshing to see bond houses get away from the "ethical card" and inject a combination of "news, educational and human—interest value" into their copy. Each house gets at this result in a different way. Two or three seem to have a more definite plan than the others. But they are all turning out copy which gives evidence of careful preparation. Right there is the vital point. If the leading bond houses are actually giving the subject of advertising the same expert attention that they give other departments of their business, then a new era in financial advertising has started indeed. Standing for all that is conservative and sane in the disposition of surplus funds, they have it in their power, through the instrumentality of advertising that interests and educates the average man, to wield a tremendous influence for good in the homes of the country.

We are reproducing several advertisements of Messrs. N. W. Halsey & Co. which have appeared during the past year in such standard magazines as "Scribner's," "Harper's," "The Outlook," "McClure's," "System," "World's Work," "Saturday Evening Post" and "Success."

These advertisements as originally published were attractive, easily read and thoroughly dignified. They prove interesting as well as instructive to the experienced investor, no less than to those who are inexperienced in this line. While adhering to uniform typography, each is different in appearance and text. It will be noted that the dominant purpose is to inform the reader as to the merits of the different classes of securities in which the firm deals and the character of the service rendered to clients. Yet, underlying all, is an intangible something which



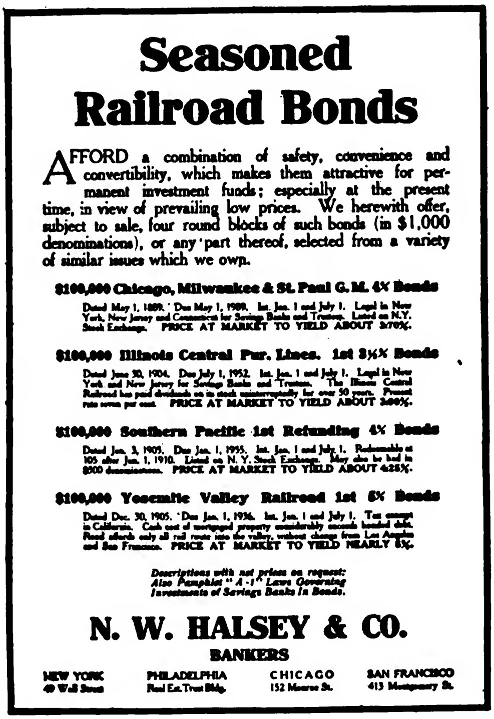
THE "NEW IDEA" IN BOND ADVERTISING.

Specimen Half-Page Ads.

inspires confidence, reflecting, as it were, the very character, or composite personality, of the house itself.

Bond advertising on these lines is certainly a "new idea," yet it does not in the least detract from the dignity of the house, and is a welcome departure, and one that the investing public undoubtedly appreciates.

Upon further examination of some of the magazines, notably "Success," "World's Work" and the "Saturday Evening Post," elementary "conservative investment" articles on educational lines are found. The first two magazines also invite correspondence from subscribers seeking information regarding sound investments. While these articles have no relation to the financial advertising carried, yet they are an indirect result of it. In other words, upon the entrance of one, two or three of the large bond houses into the magazine advertising pages, the publishers of the magazines were attracted by the importance of the copy and commenced to study investments. "The World's Work" originally, and later the other two, became so impressed with the importance of the subject that they decided to run a series of elementary articles intended to inform their readers as to the principles of sound investment with a view to rendering the public a distinct service in the conserving of surplus funds. One of the principal objects was to warn their readers against the wild-cat schemes advertised by dishonest and unsuccessful promoters which



A FULL-PAGE MAGAZINE AD.

have appeared in such great volume in some of the public prints during the past five years.

The high-class magazines have a large circulation and a powerful influence in the homes of the country, and are therefore in a position to do a great deal of good in educating people so that they will be able to discriminate between speculation and sound investments. It is hoped that they will continue their efforts, for something should be done by high-grade publications reaching the general public to point out the value of safe investments as against the purchase of stocks of the "get-rich-quick" variety. The value of the service these magazines have rendered has been made apparent by the thousands of letters the publishers have received from their subscribers on the subject. The majority of these letters have shown an appalling ignorance of the principles of sound investment, yet they were apparently from men who desire to surround their investments with safety. A large number were thinking of withdrawing their funds from savings banks to invest in some one of the "wild cats," and asked advice. The magazines, often only after expensive inquiry, invariably were able to demonstrate the soundness of their views in advising these people to leave their funds on deposit or to consult a reputable banker before investing. It is impossible to estimate the amount of money these publishers have already saved for their subscribers, but it is large.

Another direct benefit of the bond advertising in the magazines has been the salutary effect it is having on the advertising departments of the magazines. The volume of questionable financial advertising in the good

DESCRIPTIVE PRICE LISTS OF

High Grade Bonds

and analytical financial literature prepared by our experts will be sent occasionally to discriminating investors *absolutely gratis* as a means of familiarizing them with the investment facilities offered our clients.

If you have $1 000 or more to invest, or expect to have within a few months, these quotations and practical comments direct from the financial center will be found useful.

Simply send your name and address and mention this advertisement.

July 1st circular on request.

N. W. HALSEY & CO.

BANKERS

NEW YORK
49 Wall Street

PHILADELPHIA
Real Estate Trust Building

CHICAGO
152 Monroe Street

SAN FRANCISCO
Franklin & O'Farrell Sts.

SHORT TIME OBLIGATIONS

Of well established dividend earning Railroads and Public Service Corporations are safe—especially where the obligations have valuable property, such as new equipment, pledged for payment. Such securities are unusually attractive at prevailing rates.

Investors seeking safe, profitable investment of surplus funds for from one to five years are earnestly invited to address our nearest office for particulars of short time obligations which we own and recommend, to yield from

5 % to 6 %

Ask for statistical letter F-5.

N. W. HALSEY & CO.

BANKERS

NEW YORK
49 Wall Street

PHILADELPHIA
1429 Chestnut St.

CHICAGO
152 Monroe Street

SAN FRANCISCO
413 Montgomery Street

SPECIMEN QUARTER-PAGE MAGAZINE ADS.

magazines is to-day less than for several years, and as the publishers continue more clearly to recognize their opportunity and their obligations to their subscribers, it may be expected that all objectionable financial advertising will be eliminated.

THE BANKERS' MAGAZINE unqualifiedly endorses the "new idea" in bond advertising and believes it to be of direct benefit to the entire field of high-grade investment securities as well as to all banks and financial institutions. Enormous sums have been lost during the recent past by men and women throughout the land through ignorance of the true principles of investment. The only way apparently to protect these people is to educate them on the subject. This will serve to restrain savings and other bank depositors from making hasty withdrawals for the purpose of "investing" in something that will probably result in a loss of their savings. At the same time, by the dissemination of sound information respecting investments by the leading banks and bond houses, the wealthier investors are also led to favor bonds, etc., when seeking investments, thus materially broadening the field for the sale of such securities.

Every year an enormous amount of money is sunk in speculation and unsound investments, and this money is supplied to a large extent by those least able to afford to lose it. For the person who has not accumulated a surplus the only wise course is to save and entrust his savings to a well-managed bank or trust company. When a sufficient fund has been accumulated to justify the saver in becoming an investor, he should, especially at the beginning, invest only after consulting with his banker or a bond house of recognized standing.

To bankers this is elementary, but the public are still largely ignorant of this simple rule. Advertising of the character above discussed, presented in high-class mediums having a large general circulation, will exercise a powerful influence in acquainting people with it, thereby diverting into legitimate investment channels a large stream of money annually flowing into the coffers of speculators and promoters of doubtful enterprises.

LINCOLN TRUST COMPANY

MADISON SQUARE, NEW YORK

BROADWAY & LISPENARD ST. **BROADWAY & 72D ST.**

GROWTH IN DEPOSITS AND NUMBER OF CLIENTS

December 31, 1902	$2,707,116.46	349
December 31, 1903	7,382,107.29	2,219
December 31, 1904	12,150,280.00	3,807
December 30, 1905	17,081,246.13	5,214
December 31, 1906	21,384,142.39	6,961
July 1, 1907	25,060,209.48	8,171

Favorable rates of interest on surplus funds, money awaiting investment, dividend and reserve accounts, either subject to check or on Certificate of Deposit for 3 or 6 months.

A CONCISE STATEMENT OF VIGOROUS GROWTH.

FROM CURRENT BANK ADVERTISING.

OFTEN a property-owner is confined to the city when he would prefer to be elsewhere. He knows no one to whom he can entrust his business and the care of his possessions with the satisfaction of knowing that they will be looked after as though they were the individual's own. This is really a business proposition—and the wise property-owner is the one who selects the Union Trust Company of Pittsburgh to act as his business agent.—Union Trust Company, Pittsburgh.

There is frequently a period of investigation, during which moneys are not profitably employed. Especially is this true of funds in the hands of individual trustees. Pending investment, this bank has facilities for applying such deposits to profitable use, and for accounts of this nature offer exceptionally liberal terms.—Harris Trust and Savings Bank, Chicago.

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Prepared for Emergencies.—Complicated and conflicting interests are often involved in the settlement of an estate. Tact, skill and energy must be brought into play in order to cope with such trying difficulties. This company is prepared for any emergency and you are cordially invited to consult us.—Haverhill (Mass.) Trust Co.

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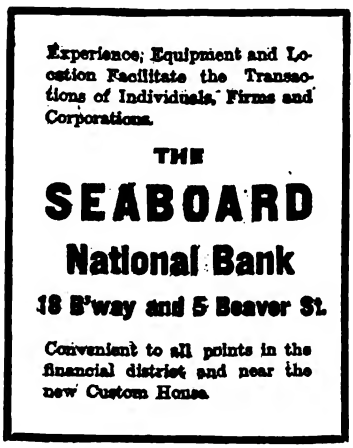

THE REASON WHY.

A NEWCOMER IN THE FIELD.

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The Three C's of Pittsburg Trust Company.—Character—of its directors and of its careful and conservative methods. Capacity—Central location, courteous treatment, consistent accommodations. Capital—$2,000,000, with additional $4,000,000 of surplus and profits. Deposits, $11,000,000.00.

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The Key Note of Business Success is to do business with a bank that endeavors to become acquainted with you and is interested in you. Consult our officers about your banking requirements as to what the Columbia will do for you.—Columbia National Bank, Pittsburgh.

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Dollars and Sense.—We care not how many dollars your envelope contains nor whether your name appears near the top or at the bottom of the roll; if some sense is not shown in caring for and saving the money you earn, what do your talents profit you? All men have the ability to earn money but many lack the sense to save it. Have a heart to heart talk with yourself and join the ranks of those whose checks are good at the bank. Start an account with us today. We know that you will not regret doing so.—Capital City State Bank, Des Moines, Iowa.

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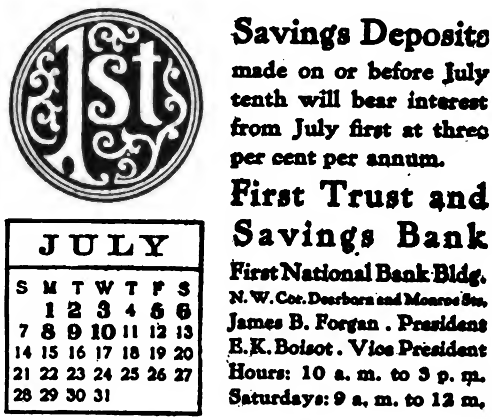

A GOOD REMINDER FOR SAVINGS DEPOSITS.

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THINK!—If you save systematically, you ensure your permanent success. If you spend all, you solicit the bitterness of misfortune. Let your savings work too.—Des Moines (Ia.) Savings Bank.

PENNSYLVANIA SPECIAL TO AMERICAN BANKERS' CONVENTION.

ANNOUNCEMENT is made by the Pennsylvania Railroad that special de luxe trains will be run between New York and Atlantic City for the accommodation of those desiring to attend the convention of the American Bankers' Association to be held at Atlantic City, September 24, 25, 26 and 27.

The first train will leave New York on Monday, September 23 at 2.55 P. M., and Newark at 3.27, arriving at Atlantic City at 6.05 the same evening. This train is designed to carry those who want to be present in time for the meeting of the Trust Company and Savings Bank Sections. A second train leaves New York and Newark at the same hours on Tuesday, September 24, to accommodate those who wish to attend only the convention of the regular banking section.

These special trains will be composed of Pullman Parlor Smoking Car and Pullman Standard Drawing-Room Parlor Cars.

Information regarding this special service may be obtained by addressing Colin Studds, Eastern Passenger Agent Pennsylvania Railroad Company, 263 Fifth Ave., New York city.

TRADE AND TRADE CENTERS OF HISTORY. By W. Hamilton Benham. New York: De Vinne Press.

This volume is for private circulation, and THE BANKERS' MAGAZINE has received a copy through the courtesy of Henry C. Swords, president of the Fulton Trust Company, New York city.

Within the compass of sixty pages the author has compressed an outline of the rise and development of trade from early times to the present. Though a vast expanse of time and many countries are dealt with, there is a continuity about the narrative that preserves the interest. Commerce is thus extolled:

"The necessity of supplying their needs drives men on in discovery and invention. This is the essence of commerce. And commerce leads them into new lands, new knowledge and new life. All the higher forces, spiritual, social, moral and intellectual, cast their roots deep down in the soil of the material, and thy stand the better against the storms for that very fact. Commerce then is the motive force of all human progress; and the key to history is not to be found in the account of religions, or of politics, or of social facts, or of lines of kings, but in commerce."

Of the change that has taken place in trade ideals, it is said:

"Leadership, and not monopoly excluding and crushing all rivals, is now the ideal of trade. Natural advantages, the better facilities of exchange, the most modern methods, a sound currency, and the freest markets are the present-day factors which make for commercial leadership.

The marvellous resources of the United States and her growing financial influence are building up in her leading city a commanding center of trade.

Together with the awakening of the East and the completion of the Isthmian canal, the commercial supremacy bids fair to continue its westward progress.

Invention and discovery have done their work. Integrity and method are now determining factors."

The volume is from the De Vinne Press, and is printed and bound in excellent style.

THE MANUAL OF STATISTICS STOCK EXCHANGE HAND-BOOK. (Price $5.) New York: The Manual of Statistics Co.

The Manual of Statistics for 1907, being the twenty-ninth annual issue of that standard reference publication, has just made its appearance. As usual, it contains in concise and complete form the information regarding railroad and industrial corporations of the United States and Canada, government securities, mining stocks and the grain and cotton stocks which are required by investors, speculators, and stock market interests. The 1604 pages of this compact volume present a great fund of data and statistics of a practical character, its utility being enhanced by an arrangement rendering reference to the contents of any section easy and satisfactory. The present edition devotes much attention to the newer mining companies whose stocks have become a feature in the stock markets of the United States, a class of organizations and securities on which full and accurate information is often difficult to obtain. It gives throughout evidence of accuracy and careful compilation and is brought down to date in its descriptive and statistical details, making the volume one of great usefulness to investors and all who are interested in the financial and other markets of the country.

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AMERICAN FINANCE. (Part First—Domestic.) By W. R. Lawson, Edinburgh and London: William Blackwood & Sons.

This volume deals with our currency, banks, Treasury, credits, transportation, natural resources, and financial problems in general. While critical, the author is at all times just. He is well equipped as a financier and economic writer to handle his subject. Those interested in the study of American finance will find the chapter on "Credit" particularly instructive. Mr. Lawson says that we are putting our gold reserve to a bad use in making it the basis of a constantly growing structure of credit. He might have gone further and shown that much of this credit structure is built upon something less substantial than gold.

Mr. Lawson's discussion of American finance has solid merit, and is also entertaining. His warnings of the perils that beset us as a result of extravagance, speculation and waste of our natural resources are worthy of careful consideration.

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AMERICAN RAILWAYS AS INVESTMENTS. A detailed and comparative analysis of all the leading railways, from the investor's point of view; with an introductory chapter on the Methods of Estimating Railway Values. By Carl Snyder. (Price, by mail, $3.40.) New York: The Moody Corporation.

The aim of this work is to provide the general investor, banker and investment broker with the means whereby he may judge intelligently and readily, so far as the accessible facts will permit, of the values of the securities of the different railways passed under review. The volume covers the operations of nearly 200,000 miles of road, or about ninety per cent. of the total for the country.

A work of this character has been greatly needed, especially among bankers who are increasing their railway investments very largely. It supplies that foundation of information which ought to precede an investment of any kind.

If we might venture any criticism of Mr. Snyder's work, it would be that the conclusions and opinions he offers regarding the respective properties would better have been omitted. But, as the author himself says: "The details, the figures, the tables are there; the investor may therefore judge for himself as to the validity of the conclusions reached. The inductions offered are suggestions and nothing more." Nevertheless, these suggestions look a little as if they were an attempt to judge for the investor. This, however, in nowise impairs the value of the details given, which are of sufficient fullness to afford a basis for intelligent study and comparison.

American Railways as Investments is an excellent hand-book of great practical value to every investor, bank, savings bank and trust company.

NOTES

—The July number of the "Bulletin of the American Institute of Banking" contains an interesting address by Treas. Brown Snyder of the Merchants' National Bank, Philadelphia, on "Albert Gallatin."

—"Trade and Currency in Early Oregon," by James Henry Gilbert, Ph.D., has been issued by The Columbia University Press.

FINANCIERS EASY TOOLS.

THE "Tip of the Tongue" man in the "New York Press" prints this: "Calvin Stewart Brice was a small and insignificant country attorney, and might have remained such through life but for the accident which enabled him to exhibit his monstrous amount of cool cheek. Some people would call it colossal nerve. A few credited Brice with brains. He looked as much like a fool as any man could without being one. If ever a man looked more like a fool it was William Walter Phelps. Yet, lest we forget, Brice left $20,000,000 and Phelps more than $30,000,000. 'The secret of your success?' I demanded one day of Brice. 'Like Lord Bacon, I pretended to know everything,' he replied. 'I hoodwinked everybody. If I didn't understand a subject I got away as soon as possible and buried myself in the hardest kind of study until master of it. You can fool all the millionaires all the time. Most financiers are your easy tools when they once get the notion you know what you are talking about.' "

SPANISH COMMERCE COMMISSION.

SPAIN has established a Commission of International Commerce composed of the Director-General of Agriculture, Industry and Commerce, the sub-Director of the Customs, the Chief of the Commercial Section of the Ministry of State, four representatives of the Chambers of Commerce, two of the Chamber of Agriculture, two from other industrial entities, two from the General Association of Graziers, and the Director of the Superior School of Commerce.

This commission shall occupy itself with the following subjects: First. Study of the commercial information received through the medium of the Ministry of State. Second. Examination of the reports which the commercial agents periodically remit. Third. The formation of the differential classes of the tariff duties established in the European and American countries, especially regarding articles similar to those of Spanish production. Fourth. Determination of the causes which facilitate the commercial expansion of some European countries in Morocco and in some Spanish-American countries. Fifth. Organization of commercial propaganda in the countries in which commercial agents are established. Sixth. Information as to the means for extending Spanish commerce in the countries in which the solidarity of race aids in struggling advantageously in mercantile competition. Seventh. Preliminary study of the bases for the conclusion of commercial treaties. Eighth. Arrangement of whatever information the Government may consider necessary for giving effect to the purpose of extending the commercial relations.

In order to facilitate the work with which this commission is charged, and at the same time as a means for giving effect to its resolutions, there are created four commercial agents, who shall reside, respectively, in Mexico, Buenos Aires, Valparaiso, and Tangiers. The sphere of action of each one of these agents shall comprehend, for the first, the Republic of Mexico, Guatemala, San Salvador, Honduras, Nicaragua, Costa Rica, New Granada, Venezuela, Cuba, and Porto Rico; for the second, the Republics of Argentina, Uruguay, Brazil, and Paraguay; for the third, the Republics of Chile, Peru, Bolivia, and Ecuador; for the fourth, the Empire of Morocco.

The personnel of fulfilling these duties shall be named by the Minister of Fomento from among those included in the four groups of three names which the Chambers of Commerce, associated for this purpose, shall prepare. To figure in these groups of three, it is required that one shall have resided at least two years in some of the countries enumerated in the division name above; that one shall understand the methods of business in some of the branches of Spanish production, and that the chambers of commerce shall certify to their credibility and social conditions. They will not be able, however, to perform the duty devolving upon them without the authorization of the Ministry of State, who will have to send them the necessary instructions governing their relations with the diplomatic and consular corps accredited to the nations referred to, and of which corps they shall be mere auxiliaries.

The duties intrusted to these functionaries shall be: (*a*) To draw up quarterly reports regarding commercial questions of the countries which are comprised in their field of action, giving attention preferably to the subject of the tariff; (*b*) to give to the diplomatic representatives and consular agents the assistance of their special experience; (*c*) to help with their knowledge Spanish merchants in the development of their business; (*d*) to favor the initiatives of the commercial enterprises of Spanish origin which have for an object the propaganda of the articles of national production; (*e*) to cultivate friendly relations with chiefs of commercial sections of official character and with the representatives of the large industrial and mercantile enterprises; (*f*) to propose the means most efficient for extending Spanish commerce, observing the tastes of the countries subject to their study, pointing out the obstacles which at present repress the extending of commercial relations, and indicating the procedure most adequate to remove them.

The Commission of International Commerce, on its own initiative or at the instigation of the Chambers of Commerce, and after looking up the preliminary information considered necessary, shall propose to the minister the names of such Spanish residents in the American Republics and in the Empire of Morocco, whom, by their landed property, social representation and proved patriotism, it esteems suitable to assist in the work of commercial propaganda, who shall be named corresponding members of the superior institute of agriculture, industry and commerce or of the department which it replaces, with the category of superior chiefs of administration, according to the royal decree of organization of the said institute.

This elaborate programme, devised by the Government of Spain for extending its commercial relations with Latin America, indicates the organized rivalry that will meet the United States in our efforts to extend trade with the Southern countries.

BRAZILIAN FINANCE.

IN his recent message to the National Congress of Brazil, Dr. Affonso Augusto Moreira Penna, President of the Republic, gave the following account of the operations of the conversion department conducted under the direction of the Ministry of Finance:

"On December 22 last the Caixa, instituted by law No. 1571 of the 6th of the same month, commenced to work.

The motive that led to the creation of this mechanism is traceable, without doubt, to bitter experience of the terrible oscillation of exchange, the effect in part of the nature of the circulating medium, but aggravated by circumstances that might have been prevented or at least attenuated.

The law of 1899 stating the guarantee and redemption periods, tended to reduce the volume of inconvertible currency preparatory to its conversion.

It was, therefore, a combination of measures, apt as far as it could reach, to restrict depression of the value of the currency.

But it was powerless to restrain the violent upward oscillation of exchange frequently determined by loans or other causes independent of the unusual and progressive development of production.

Such violent alterations in the value of the currency were the cause of instability of agriculture, commerce and industry, alike, preventing them from adjusting the prices of production with sufficient rapidity to the new value of the currency, itself unstable and subject to constant reaction.

By putting a limit to upward and ephemeral movements, the *Caixa de Conversao* has ensured on the one hand, that stability of exchange so desirable and beneficial for production.

On the other hand, the gold accumulated is another resource for the market whenever the demand for gold becomes intense.

The *Caixa de Conversao* is not, like banks, subject to panics, originating in runs on its coffers, because deposits correspond precisely to the convertible paper in circulation. On the contrary, it is purely one of its functions to supply gold when wanted, reacting on the whole volume of the currency and thus preventing its rapid depreciation.

At seasons when bills of exchange on foreign markets are abundant or that gold for any other reason is being imported, the Caixa offers to capital a sure refuge and guarantees the restitution without loss, from the temporary and therefore unproductive rise of exchange. Security to foreign capital entering the country, the admission of 'honest' money into circulation, the stability of exchange and of prices and preparations for a healthy currency, such are the benefits that may be looked for from this institution created by the sagacity of the legislative power.

Law No. 1575 of last year determined that the surplus that belonged to the redemption fund should be applied as specified by the law of 1899 for the redemption of paper money.

At the same time it was stipulated that the moneys of the guarantee fund should be applied to the same object by substitution of inconvertible paper issued against that fund. In this manner the execution of the salutary programme of withdrawal of inconvertible paper will be continued with greater intensity, by either simply withdrawing paper money or substituting it by convertible notes."

STEAMSHIP SERVICE BETWEEN THE UNITED STATES AND BRAZIL.

IN a recent number of the "Daily Consular and Trade Reports" Consul-General G. E. Anderson has the following to say in reference to the steamship service between the United States and Brazil:

"It is unquestionably a fact that American exporters to Brazil are suffering from lack of modern, properly equipped, fast vessels in the

New York-Rio de Janeiro trade. The exporters of the United States are not selling the goods in Brazil at the present time which they would sell if there were better ship connections. The present loss is considerable; the possible growth in trade with better service is more than considerable.

* * * * * *

That rates will average higher from the United States to Brazil than from any European country to Brazil is demonstrated in the fact that the average percentage of freight expenses to cost of articles imported into Brazil from the United States for several years has been higher than from any other commercial nation. The official returns in Brazil for 1905—the last year for which figures are now available—show that the percentage of freight, etc., to cost on goods from the United States was 19.702: from Great Britain, 18.736; from France, 9.653; from Germany, 13.277; from Austria, 10.415; from Belgium, 18.843. The average cost to American products, therefore, is higher than that from any of the general competing States.

The matter of mails should be carefully looked into by Americans dealing with Brazil. With the exception of the Lamport and Holt ships leaving New York about the 5th of each month, and within perhaps a week or so of the sailing days of such ships it is better to send mail for Rio de Janeiro by way of Europe, the simple mark on the package 'via England' sufficing to so route mail that on the average it will reach south Brazil more quickly, and certainly more regularly, than by direct boat. The six regular mails from England to Brazil each month, not to mention other lines and the supplementary mail by way of Lisbon, enables Americans to send mail from New York to Rio de Janeiro by way of Europe in from twenty-three to twenty-five days at all times. There is no need of any more perfect demonstration of the lack of shipping facilities from the United States to Brazil than this fact affords."

BRAZILIAN RAILWAY SYNDICATE.

ONE of the most powerful syndicates ever formed in this country to develop foreign enterprises has obtained control of two extensive railroad systems in Brazil. The plans embrace the building of about 2000 miles of connecting lines, which will result in intercommunication over 6000 miles of railways and the opening up of vast coffee growing and agricultural territory.

Before all the railway plans of the syndicate are carried out they will represent an investment of fully $50,000,000, and other undertakings the same capitalists have in hand in Brazil, in the shape of electric traction, lighting and harbor improvements, will bring the aggregate figures close to $150,000,000.

Among those interested in the syndicate are Sir William Van Horne, chairman of the directors of the Canadian Pacific Railway; Percival Farquhar, vice president of the Guatemala Railway Company; Frederick S. Pearson, street railway engineer; William L. Bull, banker, and Minor C. Keith, vice president of the United Fruit Company.

Perhaps the most important enterprise of its description hitherto gone into by Americans outside their own country is the Mexican Light and Power Company. More than $50,000,000 will go into this undertaking. Electric energy developed from Nexaca Falls will be carried to Mexico City, 100 miles away, and the transmission lines will be carried on to El Oro, one of the largest mining camps. The street railway and lighting properties in Monterey are in the hands of the same group. In Rio de Janeiro about $25,000,000 is being expended in different public utilities, and in Bahia, Brazil, almost $10,000,000.

The same group of American capitalists is interested in extensive Brazilian harbor works. A concession recently was granted for the building and operating of port works at Para. The Port of Para Company has been incorporated under the laws of Maine, with a capital stock of $17,500,000 and a bond issue of $18,000,000. Percival Farquhar is president of the company. The Port of Rio Grande do Sul Company has been incorporated in Maine, with a capital stock of $14,500,000.

BRAZIL ATTRACTING AMERICAN CAPITAL.

COMMENTING on the announcement recently made that large investments of American capital are to be made in Brazilian railway enterprises, the "New York Times," says:

"There may not be any loose cash for city bonds at 4 per cent., or for railway notes at 6 or 7 per cent., but there seem to be millions awaiting investment in countries where capital may in some degree judge what is a suitable reward for the risk and the brains needed in working out industrial enterprises.

At least that is a fair inference from the statement published yesterday, with responsible names associated with it, regarding the building of 2000 miles of railway in Brazil, linking up 6000 other miles, to make one of those combinations which Americans so abhor. 'Vast coffee growing and agricultural territories,' are to be opened up, and there are plans regarding electric traction, lighting and harbor improvements, altogether requiring one hundred and fifty million dollars.

The money could be used to good advantage here, but the gentlemen advancing it are better judges of where and on what terms they will use their money than are those who are in engaged in dictating what terms must be accepted by capital."

Capital will go where there is the best opportunity for profit, provided it is not subjected to undue risk, and the United States is destined to take a more important part in the future towards supplying capital for the development of other countries than it has done heretofore.

MEXICAN RAILWAY MERGER.

IT is announced that in the negotiations for the consolidation of the National Railroad of Mexico and the Mexican Central Railway systems, which has been completed, the holders of the securities of the National Railroad Company not owned by the Government have been represented by Speyer & Co.

The Mexican Central Securities Company, Limited, of London, which owns a large majority of the outstanding consolidated bonds of the Mexican Central Railroad Company, Limited, has been represented by Kuhn, Loeb & Co., and the present management of the Mexican Central Railroad Company, as well as its note holders and junior security holders, have been represented by Ladenburg, Thalmann & Co., Hallgarten & Co., the Bank fur Handel und Industrie of Berlin and the Berliner Handel Gesellschaft of Berlin.

The above-mentioned bankers have agreed to provide the cash necessary for carrying through the plan as proposed by the Mexican Government and embraced under the decree for which they will act as readjustment managers.

GERMAN BANKING IN LATIN AMERICA.

THE annual report of the Deutsche Ueberseeische Bank (German Trans-Oceanic Bank) indicates the development of German financial and commercial spirit, to which is due the commanding position which Germany in a comparatively short time has gained in the world's market and as an ocean carrier. This financial company, only organized a few years ago, has increased its share capital by fifty per cent., enhanced its profits, and in a still greater measure extended its business operations. The bank now has twenty-three branches, which are located in Chile, Bolivia, Peru, Argentina, Uruguay, Mexico, and Spain. Its paid-in share capital last year was 17,600,000 marks (mark, 23.8 cents), on which the net profits in 1906 amounted to 2,368,000 marks.

ANGLO-SOUTH AMERICAN BANK, LIMITED.

THIS institution, which was formerly known as the Bank of Tarapaca and Argentina, has recently opened a branch at 69 Wall Street, under the charge of Charles A. Edwards. Lately the capital was increased, and by January 1 next the amount fully paid up will be £1,250,000. The subscribed capital is £2,500,000 and the reserve fund £600,000. There is, besides, a reserved liability on the part of shareholders amounting to £1,250,000.

The bank has branches in a number of the important cities in Chili, Argentina and Uruguay, as well as agencies in all the principal places in South America, the United States and Europe.

ADDITIONAL HONORS FOR AMBASSADOR CREEL.

HON. ENRIQUE C. CREEL, the Ambassador of Mexico to the United States, has recently received additional honor from his country, having been re-elected Governor of the State of Chihuahua, receiving 30,206 votes out of a total poll of 34,000.

Señor Creel has proven to be an able and popular diplomatic representative, and it is gratifying to learn that his election to the office named will not necessitate his retirement as Ambassador.

GENERAL NOTES.

—President Pardo, in his message opening the Peruvian Congress, on July 28, called attention to the importance of Secretary Root's visit to South America, and the opportunity afforded him of judging personally of the cordiality of the feeling of the people of Peru for those of the United States.

—The third International Sanitary Convention, authorized by the international conferences held in the City of Mexico in 1901-02 and in Rio de Janeiro last year, will meet in the City of Mexico December 2-7.

—A Latin-American colony is to be established at Floral Park, L. I., by a syndicate of prominent South American investors who have bought the block of ninety-two lots lying between Plainfield and Carnation avenues, Floral Parkway and Belmont street. The syndicate includes C. Bethancourt, secretary to the Venezuelan Consul in New York; M. D. Becerra, ex-Consul from Colombia; A. Parra and A. L. Bonilla, formerly officials of the Venezuelan Government, and a number of well-to-do merchants from both republics.

—Uruguay has an area of 46,000,000 acres, of which about 2½ per cent. is under cultivation. Wheat and corn are the principal agricultural products, but the chief source of the country's wealth is livestock. It is estimated that there are in Uruguay approximately 8,000,000 cattle, 20,000,000 sheep, 561,000 horses, 23,000 mules, 94,000 hogs, and 21,000 goats. The livestock slaughtered in Uruguay during the killing year—August 1, 1905, to July 31, 1906—amounted to 909,600 head. The country is believed to possess great mineral resources which have been but little developed.

—The Westinghouse Co. recently received an order for the installation of an electrical plant from the Mexican Light and Power Company—the United States-Canadian syndicate headed by F. S. Pearson—which is expending millions of dollars in the development of electrical power in the southern republic.

Eight huge transformers, each having a capacity of 1,000 kilowatts, are to be installed in Mexico City. The electric current is to be generated at Necaxa Falls, about 100 miles away, at a pressure of 60,000 volts. The energy is to be transmitted to several sub-stations surrounding the city, where the transformers will be installed. From these the power will be distributed over the city for running the street cars and lighting the city.

—Col. W. C. Greene of New York has been granted concessions for the establishment of various kinds of industrial enterprises in Mexico.

The concessions call for the investment of more than two million dollars gold.

—Brazil has adopted a policy offering liberal inducements for railway construction and immigration.

In line with this policy of immigration and transportation the Minister of Public Works of Brazil signed a revised contract for the construction of the Goyaz Railway, which is to run across the State of Goyaz through the capital to San Leopoldina, on the Araguaya River. The road is to have two branch lines, one going to Araxa and Uberaba and the other through the Paracatu district to the Tocatins River, in the north of the State. It is provided in the contract that "nucleus" colonies are to be established by the company at certain convenient points yet to be selected, the colonists being given land as their own property, as well as further assistance until crops can be harvested. The road to Arcos is expected to be in operation by the end of the year. The Uberaba branch will be pushed as rapidly as possible to open up the country dependent upon it.

The Trans-Brazilian Railway, formerly the Sorocabana Railway, which has been purchased by Canadian-American capitalists and is now under the control of American railway experts, is making similar arrangements for colonists.

—In 1906 Ecuador exported hides and skins to the value of $423,028, of which the United States took $363,802.

—For the year ended July 31, 1906, Honduras imported goods to the value of $2,511,610, and exported goods valued at $2,877,743. Of the imports $1,583,871 came from the United States, and exports to the value of $2,511,591 were sent to this country.

—The United States in 1906 sent shoes and other footwear to Ecuador valued at $18,468, out of total imports of $44,-649.

—Concessions have been granted by the Mexican Government for sinking a 1000 meter shaft for the purpose of reaching the ores which are supposed to lie deep under ground in certain parts of the State of Guanajuato.

—An effort is being made to reorganize the Mexican Chamber of Commerce of the City of Mexico, giving it an official character.

—A steamship line is to be subsidized to operate between Brazil and Japan, and one of the principal objects of the establishment of the line will be to induce Japanese laborers to go to Brazil.

—The New York banking house of George D. Cook & Co. recently received a cable stating that the Government of Costa Rica has ratified the contract with them authorizing a $2,000,000 issue of six per cent. gold bonds.

—The new line of the Sierra Madre and Pacific Railroad in Mexico was recently opened for traffic. It connects with the Chihuahua & Pacific, and is thus enabled to route shipments to all parts of Mexico.

—A writer in the Boston "Transcript" declares that Rio de Janeiro is one of the most beautiful cities in the world, and gives an extended account of the wonderful improvements made in that city in the past few years.

—The line of steamships subsidized jointly by the Canadian and Mexican Governments, to run between Vancouver and Salina Cruz is now in operation.

THE AGITATORS.

SPEAKING at Chautauqua, recently, Henry Clews the well-known New York banker, made the following apt quotation from a speech made by Daniel Webster in 1842:

"There are persons who constantly clamor. They complain of oppression, speculation and the pernicious influence of accumulated wealth. They cry out loudly against all banks and corporations and all means by which small capitals become united in order to produce important and beneficial results. They carry on mad hostility against all established institutions. They would choke the fountain of industry, and dry all the streams. In a country of unbounded liberty they clamor against oppression. In a country of perfect equality they would move heaven and earth against privilege and monopoly. In a country where property is more evenly divided than anywhere else, they rend the air shouting agrarian doctrines. In a country where the wages of labor are high beyond parallel, they would teach the laborer that he is but an oppressed slave."

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

NEW NETHERLAND BANK OF NEW YORK.

THIS bank is a successor to the Thirty-fourth Street National Bank of New York city, organized in 1902 with $200,000 capital. By adopting the new title, the New Netherland Bank puts itself in a better position to do more than a purely local business, and in entering the state banking system it retains all the safeguards in regard to examinations and reports required by the National Banking Act. It is well known, in fact, that the latter act was based largely upon the banking law of the State of New York.

J. ADAMS BROWN,
Vice-President and Chief Executive Officer, New Netherland Bank.

J. Adams Brown, the chief executive officer of the New Netherland Bank, came from Boston at the instance of capitalists in that city who have interested themselves in the bank. Mr. Brown is well and favorably known in New England financial circles. He organized the Washington Trust Company of Boston and conducted it successfully until its merger with the Beacon Trust Company.

The complete list of officers and directors is as follows: President, Elgin R. L. Gould; vice-presidents, John P. Munn and J. Adams Brown;

cashier, Curtis J. Beard; assistant cashier, J. T. Van Loan. Directors: James G. Cannon, vice-president Fourth National Bank, New York; John P. Munn, M. D., president United States Life Insurance Co.; Henry W. Sackett, Sackett, Chapman & Stevens, counsel; William Watson Caswell, Caswell, Curtis & Co., bankers and brokers; Louis K. Liggett, president United Drug Co., Boston, Mass., president National Cigar Stands Co., New York; Udo M. Fleischmann; Elgin R. L. Gould, president, ex-Chamberlain, City of New York; H. A. Biggs, treasurer Hampton Advertising Co., New York; J. Edgar Leaycraft, real estate, treasurer Franklin Savings Bank, and Member of State Board to Appraise Land for Canal Improvement; James H. Ottley, president McCall Co.; Wm. C. Bolton, president Riker Drug Stores; Belden J. Rogers, Hull, Grippen & Co., hardware; William H. Seaich, carriage transfer; Wyllys Terry, treasurer Van Brunt Street and Erie Basin Railroad Co.; J. Adams Brown, vice-president, formerly secretary and treasurer Washington Trust Co., Boston, Mass.; Curtis J. Beard, cashier.

The New Netherland Bank has $200,000 capital, $210,000 surplus and undivided profits, and about $1,500,000 deposits. Its several departments are well equipped to render efficient service to out-of-town as well as local customers. Having a good location, ample capital and a strong board of directors, with able executive officers, the New Netherland Bank should soon take a prominent place among the many excellent state banks of this city.

CALCASIEU NATIONAL BANK, LAKE CHARLES, LA.

MEASURED by the proportion of its surplus and profits to capital —always one of the tests of a bank's strength—the Calcasieu National Bank of Lake Charles, La., is found to rank among the very strong banks of the United States, indicating a high capacity for sound and profitable banking on the part of its management.

This bank began business as a state bank in 1892, and entered the national banking system on January 1, 1899, with a capital of $100,000, which was increased on January 1, 1903, to $150,000. At the present time the capital is $150,000, while the surplus is $100,000, and undivided profits in excess of $50,000—the two combined being greater than the capital.

At the time the bank entered the national banking system in 1899 its deposits were about $225,000. In 1901 they had increased to $750,000, and in 1902 passed the million dollar mark. Since January 1 of this year they have been running in excess of two million dollars.

Located in a growing place and in a prosperous section, the bank is sharing in the general prosperity, and by keeping strong and furnishing adequate banking facilities to the business community, it has established itself firmly in public confidence and favor.

The officers and directors are men well known through their local business affiliations. H. C. Drew, the president, is a planter-capitalist; George Horridge, vice-president, is a prominent capitalist; J. A. Bel, vice-president, is president of the J. A. Bel Lumber Co. of Lake Charles; W. E. Ramsay and J. G. Powell, directors, were for many years promi-

THE BANK'S BUILDING.

nently identified with the lumber manufacturing interests, but are now retired. Frank Roberts is cashier, and E. N. Hazzard and S. Arthur Knapp, assistant cashiers.

IMPERIAL BANK OF RUSSIA.

THE Imperial Bank of Russia is practically the treasury machinery of the government and is the only banking corporation in the Empire authorized to issue circulating notes. The notes issued by the bank are, practically, comparable with the legal tender notes issued by the United States Treasury.

The capital of the corporation, expressed in dollars, is $27,520,000, and on April 5, 1907, its outstanding note issues amounted to $582,235,-000. These two items represent approximately two-thirds of the liabilities of the bank. In its vaults are $458,460,000 in gold and $30,260,000 in silver and subsidiary coins. The balance due from abroad amounts to $135,720,000. These three items, totaling $624,440,000, are nearly two-thirds of the bank's assets, the aggregate of which is $934,805,000. In the year ended on the date heretofore mentioned the aggregate resources of the bank were increased to the extent of $70,740,000, and the outstanding circulation $16,435,000.

CHARLES H. STOUT,
Vice-President Manhattan Trust Company, New York City.

CHARLES H. STOUT,

VICE-PRESIDENT MANHATTAN TRUST COMPANY, NEW YORK CITY.

CHARLES H. STOUT, vice-president of the Liberty National Bank, New York city, has been elected vice-president of the Manhattan Trust Company and will become active in the company's management, though continuing to be a director of the bank.

Mr. Stout is among the younger bank men of the city, but he began his banking career at an early age and has had extensive experience. He entered the National Bank of the Republic in 1881, as a junior clerk. He advanced through practically every department of the institution, and in 1888 became assistant cashier. Five years later he was made cashier, at which time he was only twenty-nine years old. Shortly after the death of Eugene H. Pullen, vice-president of the National Bank of the Republic, he was elected to that office. Despite the fact that Mr. Stout was not much over thirty-five years old at the time he was elected to the vice-presidency, he was recognized as a banker of exceptional ability. When the National Bank of the Republic was absorbed by the First National Bank, Mr. Stout was elected vice-president of the consolidated institution. In January, 1903, it was stated that Messrs. J. P. Morgan & Company had acquired a large interest in the Liberty National Bank, and on January 14, of that year, Mr. Stout was elected a director and vice-president, representing, it is said, the interests of the First National Bank and Messrs. J. P. Morgan & Company.

He continued to be vice-president of the Liberty National until his recent election to the vice-presidency of the Manhattan Trust Company, and was largely instrumental in increasing the bank's deposits.

Mr. Stout has the capacity of the trained banker, added to sound financial judgment, and his individual traits are such as to command confidence and respect.

On June 30, 1907, the official statement of the Manhattan Trust Company showed:

Municipal Bonds:		
N. Y. city bonds market value	$960,000.00	
Other bonds market value	13,000.00	$973,000.00
Corporate bonds and stocks market value	$5,642,419.08	
Bonds and mortgages	9,500.00	
Other assets	101,049.83	5,752,968.91
Call loans on collateral	$4,141,728.11	
Time loans on collateral	720,000.00	4,861,728.11
Gold in vault	$760,000.00	
Cash in bank	1,367,042.22	2,127,042.22
Total		$13,714,739.24

Capital		$1,000,000.00
Surplus		1,000,000.00
Undivided profits		1,161,253.49
Deposits	$10,501,128.59	
Outstanding checks	20,744.63	10,521,873.22
Other liabilities		31,612.53
Total		$13,714,739.24

As will be seen from the above, the Manhattan Trust Company ranks with the well-established and substantial companies of the city, having $1,000,000 capital, $2,161,000 surplus and profits, and $10,521,000 deposits.

P. W. BROOKS & CO., NEW YORK CITY.

IN investments, as elsewhere, caution is commendable but knowledge is necessary. It is likely that, as a result sometimes of unfortunate experience and again of the public instruction afforded in late years by numerous published articles, of more or less merit and reliability, investors as a class now give more attention than formerly to the discreet investment of their funds. The average private investor commonly lacks at least the time and facilities for the proper investigation of securities, while the official investor, such as the country banker, may not infrequently lack that training and experience which is more than

P. W. BROOKS.

desirable in the placement of investment funds. This is no disparagement of the general worth and qualifications for their positions of these most estimable persons. Not infrequently a sterling local business man or farmer, who has succeeded in his line and community, is selected and promoted to the position of bank president, cashier or other office, and brought into contact with entirely new problems in the examination, investigation and selection of securities for investment or collateral. Here rises the demand for further education, together with the assistance and services of a well-equipped and thoroughly reliable firm which handles investment securities.

"All is not gold that glitters," neither are all so-called "security" dealers equally desirable or reliable as investment agencies. But among the multitude of such houses are numbers of experienced and responsible bond houses whose advice and recommendations may be safely taken. Few securities, even among underlying bonds, are absolutely without some theoretically weak point which conceivably might be improved. The art of investment consists to a considerable measure in the ability to skillfully weigh the *pros* and *cons* of any investment proposition and to correctly determine whether the weight of circumstance and evidence is against or in its favor.

This is the primary work of the investment bond dealer, and calls for education, facilities and first-hand contact with and knowledge of the enterprise in question, which are perforce lacking to the average investor. Hence the necessity of ability and uncompromising honesty, coupled with a rational view of the probabilities as well as possibilities of a case, in the bond house on which the investor relies for his information and securities. Such a house represents not only a convenience but a necessity for the conservative and intelligent investor.

Among those bond houses whose ability and conservatism seem assured is one of whose opening in the new U. S. Realty Building at 115 Broadway, this city, under the style of P. W. Brooks & Co., announcement has been recently received.

Mr. Brooks, the senior member of this firm, has enjoyed an extensive and successful experience in the purchase and sale of bonds and is favorably known among financial men, having been connected for about sixteen years with the well-known bankers and investment bond house of N. W. Harris and Co., for five and a half years as a partner, during which time he had charge of the bond department in the New York office and practically quadrupled its yearly business. His care and conservatism in the choice of securities is shown in the excellent record of those handled through his former house during the years of his membership therewith, in which time it is understood that no losses whatsoever were sustained by the clients of that house.

Associated with P. W. Brooks & Co. is the financial writer and investigator, Mr. E. Van Deusen, former instructor in finance at the Tuck School of Dartmouth College, and well known to readers of this MAGAZINE through his recent series of articles on different types of investment securities, which began in the issue of last November.

REASONS FOR GENERAL MONEY PRESSURE.

THE world-wide pressure for money is due, says President Backus of the Washington State Bankers' Association:—First, to the activity and expansion of business the world over. Second, to the enhanced prices. Third, to the absorption and hoarding of gold by Mexico, Italy, Brazil, Argentina, and Russia, for the purpose of establishing their finances upon a gold basis. Fourth, to the vast sums of the world's capital which have been actually destroyed within the past two years, to the other great sums which have already passed from liquid into fixed forms of investment, and to the amount necessary to complete great contemplated undertakings.

MONEY, TRADE AND INVESTMENTS

New York, August 3, 1907.

THE BOND MARKET APPEARS TO BE THE INDEX OF THE FINANCIAL SITUATION at the present time. Whatever the reason—and all sorts of explanations are bandied about—gilt-edged bonds yielding 4 per cent. and over, seem to have no attractions for the investor although only a few years ago there was a preponderance of expert financial testimony to the effect that 4 per cent. had become an exceptionally high rate of interest, and the conservative investor must be content with a smaller return upon his investment.

The opinion is still held that bonds must sell higher and yield a lower rate of interest, but for the present there is nothing to indicate that the movement in that direction is pending. Only about $25,000,000 of bonds were dealt in at the New York Stock Exchange last month, the smallest total for that month in ten years.

The city of New York, which a few years ago was able to sell 3½ per cent. bonds at a premium, has been unable to sell its 4 per cent. bonds at par, and the state legislature has now enacted a law permitting the disposal of the city bonds at private sale after a public offering. Bond houses are now offering New York city 4 per cents. at less than par and find it not easy to dispose of them. The city will offer $15,000,000 at public sale on August 12, and failing to dispose of them at par, will then try to sell them to private purchasers.

As indicative of the situation, the experience of two prominent railroads in marketing bond issues last month may be cited. The Atchison offered at par $26,000,000 5 per cent. bonds to its stockholders direct and received subscriptions for only about $9,000,000, subsequently the balance was sold to J. P. Morgan & Co. at a price reported to be 98.

The Union Pacific offered $75,000,000 4 per cent. bonds to its stockholders at 90 and only about $4,000,000 were taken. The bonds were underwritten by a syndicate at 88 and while the road will thus sell its bonds, the syndicate will have almost the entire issue upon its hands.

The condition of the money market undoubtedly has an unfavorable influence upon values of securities. The reserves of the banks are low, and the demand for money to move the crops will for some time tend to keep the situation strained. Some gold was exported during the month, and new engagements of gold for export are again reported, some of it for Canada.

It is an accepted theory that the development of the resources of the country has been at a pace so rapid that the supply of money has been unable to keep up with the requirements. The railroads, and industrial corporations as well, have been compelled to seek new capital to develop their properties simply because the pressure of business has made it absolutely necessary.

As the situation is now shaping, the policy of going slower is being urged by many of the most thoughtful leaders in the business world. The increased cost of material, of labor, and of living is beginning to have a reactionary tendency. The railroads particularly are between two fires, the legislative interference with rate-making and the increased cost of operation.

The semi-annual statement of earnings of the Pennsylvania Railroad just issued throws light upon the situation. While the gross earnings of its eastern lines increased $9,314,700 in the six months ended June 30, the net earnings increased only $434,900. On its western lines the gross earnings increased $4,920,300 and the net earnings only $782,700. Of $14,000,000 increase in gross earnings $13,000,000 went for increased operating expenses.

In another line of industry there are evidences of great activity and prosperity with indications of a possible setback. The United States Steel Corporation in its report for the quarter ended June 30 shows net earnings amounting to $45,503,705, exceeding all previous records. The increase over the corresponding quarter of 1906 is $5,378,672 and of 1905, $15,198,589. This is an extraordinary showing but with it comes the announcement that since July 1 the business booked by the corporation has fallen 25 to 30 per cent. below that of a year ago.

Current reports regarding the pig iron trade are all to the effect of a decline in business, yet the output of pig iron is still at a maximum rate. In the first half of the present year the production reached 13,478,044 tons as compared with 12,582,250 tons in 1906, 11,163,175 tons in 1905, and 8,173,438 tons in 1904. The output in the first six months of this year is larger than for any six months in previous years and larger than for any entire year prior to 1899.

As indicated by the record of commercial failures the business situation has been and still is highly encouraging. As reported by R. G. Dun & Co., the number of failures in the first half of 1907 was 5,607, the smallest in any corresponding six months since 1899. The liabilities were $69,568,662, being swollen by a few large failures in New York. In the first half of 1906 the failures numbered 5,612 with liabilities of $62,644,074.

Official recognition has been given to the theory which has long been entertained that the Government estimates as to the amount of gold in use as money in the United States were too high. A revised estimate by the Director of the Mint now eliminates $135,000,000 from the estimated gold circulation of the country. Of this amount $30,000,000 is claimed to be an error in the estimate made by Dr. Henry R. Linderman, Director of the Mint, of the coin in country on June 30, 1873, which estimate has been the basis of all subsequent calculations. An additional deduction of $5,000,000 is made for errors between 1873 and 1880. Other deductions are $30,000,000 for duplications in customs entries and mint returns, $25,000,000 for underestimated exports to Canada, $25,000,000 for underestimated use of gold coin in industrial consumption, and $20,000,000 for unrecorded exports, most of which was carried out of the country by travellers.

The revised estimate makes the total stock of gold coin and bullion as June 1 last $1,484,845,280 as compared with $1,619,136,891, the estimate made by the Treasury Department on that date. Of this amount

$1,109,458,330 was held in the United States Treasury and the national banks. As to that item there is no question of the accuracy of the estimate. The balance, $375,386,950, estimated to be in other institutions and in actual circulation, it is not possible to verify.

A comparison of the former estimates of the stock of gold in the country with the known sources of supply in recent years may be of some interest at this time. The following table shows the annual increase in the total stock of gold coin, including gold bullion in the Treasury, as estimated by the Treasury Department since 1896, the approximate gold production in the United States and the net imports and exports of gold:

YEAR ENDED JUNE 30.	*Net Imports + or Exports — of Gold.*	** Estimated Gold Production in U. S.*	*Total New Supply.*	*Increase in Estimated Stock of Gold in U. S.*
1897...............	+ $44,653,200	$55,000,000	$99,653,200	$97,074,485
1898...............	+ 104,985,283	61,000,000	165,985,283	166,561,597
1899...............	+ 51,432,517	67,000,000	118,432,51	111,669,010
1900...............	— 3,693,575	75,000,000	71,306,425	60,557,706
1901...............	+ 12,866,010	79,000,000	91,866,010	88,697,616
1902...............	+ 3,452,304	79,000,000	82,452,304	63,844,223
1903...............	— 2,108,568	76,000,000	73,891,432	64,158,466
1904...............	+ 17,595,382	77,000,000	94,595,382	73,990,711
1905...............	— 38,945,063	84,000,000	45,054,937	33,551,086
1906...............	+ 57,648,139	92,000,000	149,648,139	115,568,034
1907...............	+ 63,086,500	96,000,000	159,086,500	126,172,821
Total..........	+$310,972,129	$841,000,000	$1,151,972,129	$1,001,865,795

* The estimated production for the year ended June 30 is obtained by taking half the yield for each two consecutive calendar years.

The imports of gold include foreign as well as domestic coin, and as indicated in the note appended to the table, the production of gold is only approximately stated. In the eleven years the country gained by imports nearly $311,000,000 gold and by production of its mines $841,000,000, making the new supply nearly $1,152,000,000. The estimated increase in the stock of gold coin in the country was nearly $1,002,000,000, or within $150,000,000 of the entire amount imported and produced.

Concerning the amount of gold held in the Treasury and in the national banks, there is indisputable data, and it is only as to the gold not so held that estimates are necessary. Taking the statements of the national banks for the date nearest to June 30 and the Government figures for approximately corresponding dates it is possible to obtain a fairly correct idea of the location of the gold at different periods. The estimated stock of gold and the amounts held in the United States Treasury and in the national banks for the dates mentioned are shown in the accompanying table:

	Total Stock, Gold Coin and Bullion.	*In U. S. Treasury.*	*In National Banks.*	*In Treasury and National Banks.*
July 31, 1897......	$697,118,880	$178,044,578	$176,893,606	$354,938,184
June 30, 1898.....	863,784,929	202,825,049	266,464,037	469,289,086
June 30, 1899.....	975,453,939	273,393,480	286,185,618	559,579,098
June 30, 1900.....	1,036,031,645	421,112,654	193,857,947	614,970,601
June 30, 1901.....	1,124,729,261	494,321,533	194,336,024	688,657,557
June 30, 1902.....	1,188,573,584	559,302,052	190,301,383	749,603,435
May 31, 1903......	1,281,445,124	637,463,115	172,523,938	809,987,053
May 31, 1904	1,313,120,868	668,226,320	193,574,409	861,800,729
May 31, 1905.....	1,352,063,028	701,083,920	187,195,652	888,279,572
June 30, 1906.....	1,475,841,821	802,514,212	187,710,281	990,224,493
May 31, 1907......	1,619,136,891	923,456,633	186,001,697	1,109,458,330

While the increase in the stock of gold between July 31, 1897, and May 31, 1907, was $922,000,000, it will be observed that the gold coin in the national banks increased less than $10,000,000. This takes no account of the gold certificates held by the banks which increased $220,000,000, as they are represented by gold coin or bullion in the Treasury. There was an increase of $745,000,000 in the holdings of gold in the Treasury, making $755,000,000 for the Treasury and national banks together. This leaves $167,000,000 still to be accounted for.

The estimated amount of gold in circulation, including that in the national banks, and the amount outside of those institutions, with the proportion held by the Treasury, by the national banks, and otherwise unaccounted for are shown in the next table:

	Gold Coin in Circulation.	Outside of National Banks.	Proportion of Total Stock.		
			In U. S. Treasury.	In National Banks.	Outside of Treasury and National Banks.
			Per Cent.	Per Cent.	Per Cent.
July 31, 1897......	$519,074,302	$342,180,696	25.54	25.38	49.08
June 30, 1898......	660,959,880	394,495,843	23.48	30.85	45.67
June 30, 1899......	702,060,459	415,874,841	28.03	29.34	42.63
June 30, 1900......	614,918,991	421,061,044	40.65	18.71	40.64
June 30, 1901......	630,407,728	436,071,704	43.95	17.28	38.77
June 30, 1902......	629,271,582	488,970,149	47.06	16.01	36.93
May 31, 1903.......	623,982,009	451,458,071	50.53	13.68	35.79
May 31, 1904.......	644,894,548	451,320,139	50.89	14.74	34.37
May 31, 1905.......	650,979,108	463,783,456	51.86	13.84	34.30
June 30, 1906......	673,327,609	485,617,328	54.38	12.72	32.90
May 31, 1907.......	695,680,258	509,678,561	57.03	11.49	31.48

There has been almost a continuous increase in the proportions of gold held by the Treasury since 1897 and on May 31 it was 57.03 per cent. as compared with 25.54 per cent. in 1897 and 23.48 per cent. in 1898. The proportion in national banks has fallen from 30.85 per cent. in 1898 to 11.49 per cent. in 1907, and in the unaccounted for balance from 49.08 per cent. in 1897 to 31.48 per cent. in 1907. The revised estimate, however, makes a considerable change in these percentages. We have no later returns from the national banks than those of May 20, 1907, and which were used in the comparisons for May 31. Using the same figures, however, the location of the gold on August 1 may be estimated as follows: Gold coin and bullion in the Treasury, $908,132,013; gold coin in the national banks, $186,001,697; balance outside of Treasury and national banks, $380,035,028; total stock of gold in the country, $1,474,168,738. This increases the percentage of Treasury holdings to 61.60 per cent., of the national banks to 12.62 per cent., and reduces that of outside holdings to 25.78 per cent. It is still a fact, however, that one-quarter of the total stock of gold in the country is yet largely invisible and its exact amount conjectural.

The report of the Bureau of Statistics on the foreign trade movements of the fiscal year ended June 30, 1907, furnishes an opportunity for speculation as to the future. Both exports and imports were the largest ever recorded, but it is significant that while the exports increased about $137,000,000 as compared with the previous year, imports increased nearly $208,000,000. It does not seem probable that imports will overtake exports in the near future, but it is an interesting fact that imports in the past year were larger than any year's exports prior to 1904. Compared with 1898 imports have increased $818,000,000 and exports only $649,000,000.

The past twelve years have been a period wholly without precedent in our foreign trade, as the following summary will bear witness:

Year Ended June 30.	*Exports of Merchandise.*	*Imports of Merchandise.*	*Net Exports of Merchandise.*	*Net Imports of Gold.*	*Net Exports of Silver.*	*Net Exports of Merchandise and Specie.*
1896.........	$882,606,938	$779,724,674	$102,882,264	* $78,884,882	$31,764,484	$213,531,630
1897.........	1,050,993,556	764,730,412	286,263,144	44,653,200	31,413,411	273,023,355
1898.........	1,231,482,330	616,049,654	615,432,676	104,985,283	24,177,458	534,624,851
1899.........	1,227,023,302	697,148,489	529,874,813	51,432,517	25,648,999	504,086,295
1900.........	1,394,483,082	849,941,184	544,541,898	* 3,693,575	21,455,973	569,691,446
1901.........	1,487,764,991	823,172,165	664,592,826	12,866,010	27,898,659	679,625,475
1902.........	1,381,719,401	903,320,948	478,398,453	3,452,304	21,500,136	496,446,285
1903.........	1,420,141,679	1,025,719,237	394,422,442	* 2,108,568	20,086,768	416,617,778
1904.........	1,460,827,271	991,087,371	469,739,900	17,595,382	21,703,888	473,848,406
1905.........	1,518,561,666	1,117,513,071	401,048,595	* 38,945,063	21,363,947	461,357,605
1906.........	1,743,864,500	1,226,562,446	517,302,054	57,648,1 9	21,426,523	481,080,438
1907.........	1,880,851,024	1,434,401,092	446,449,932	63,086,500	13,820,288	397,183,715
12 years....	$16,680,319,740	$11,229,870,743	$5,450,948,997	$232,087,247	$282,255,529	$5,501,117,279

* Exports.

A still more interesting survey may be had by a comparison of the last six years with the preceding six years showing how the increase in imports has more than kept pace with the exports, while the net balances have varied only slightly:

	1896 to 1901.	*1902 to 1907.*		
Exports of merchandise..............	$7,274,354,199	$9,405,965,541	Increase	$2,131,611,342
Imports " "	4,530,766,578	6,698,604,165	"	2,167,837,587
Net exports of merchandise.........	$2,743,587,621	$2,707,361,376	Decrease	$36,226,245
" " silver............. ...	162,353,984	119,901,545	"	42,452,439
" " m'd'se and silver.....	$2,905,941,605	$2,827,262,921	Decrease	$78,678,684
" imports of gold	131,358,553	100,728,694	"	30,629,859
" exports of m'd'se and specie.....	$2,774,583,052	$2,726,534,227	Decrease	$48,048,825

The Money Market.—In the early part of the month the local money market was disturbed by the heavy disbursements which are usual at the beginning of the half-year. Call money touched 16 per cent. Later the market became easy and rates for money declined, falling to 2 per cent. Time money and commercial paper command fair rates. At the close of the month call money ruled at 2@3½ per cent., with the majority of loans at 3½ per cent. Banks and trust companies loaned at 2½ per cent. as the minimum. Time money on Stock Exchange collateral is quoted as 5 per cent. for sixty days, 5½ per cent. for ninety days, 5¾ per cent. for four months, and 6@6¼ per cent. for five to six months, on good mixed collateral. For commercial paper the rates are 6 per cent. for sixty to ninety days' endorsed bills receivable, 6@6½ per cent. for first-class four to six months' single names, and 6@7 per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	Mar. 1.	*Apr. 1.*	*May 1.*	*June 1.*	*July 1.*	*Aug. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances........	5¼–6	2¾–5	1¾–2¼	1¾–2½	6 –12	2 –3½
Call loans, banks and trust companies..........	4 –	3 –	1¾–2	1½–	2½–	2½–
Brokers' loans on collateral, 30 to 60 days..........	5¼–	6½–	3½ -	2½–3½	4 – ½	5 –
Brokers' loans on collateral, 90 days to 4 months..........	5¼– ½	6 –	3¾–4	3¾–4	4½–5	5½– ¾
Brokers' loans on collateral, 5 to 7 months..........	5½– ¾	6 –	4½–	4½– ¾	5¼–7	6 – ¼
Commercial paper, endorsed bills receivable, 60 to 90 days..........	5¾–6	6 - ½	5½–6	5 – ½	5½–	6 –
Commercial paper, prime single names, 4 to 6 months..........	5¾–6	6 –½	5½–6	5 – ½	5½–6	6 – ½
Commercial paper, good single names, 4 to 6 months..........	6½–	6¾–7	6 - 7	5½–	6 - 6½	6½–7

NEW YORK BANKS.—The deposits of the New York Clearing-House banks fell off $21,000,000 in the first two weeks of July, and loans were contracted an equal amount in the same period. Since the middle of July, however, both these items have shown an increase, the deposits in the three weeks ended August 3 gaining $28,500,000 and loans $22,000,000. The latter are $400,000 more than at the close of June, while deposits are $7,000,000 more than they were a month ago. The banks gained in specie during the month $9,500,000 but lost $2,700,000 in legal tenders. The surplus reserve, which at the end of June was down to $2,500,000, had risen to $9,258,000 on July 27, but fell to $7,473,200 on August. Deposits are $33,000,000 more than they were a year ago but the surplus reserve is $11,400,000 lower.

NEW YORK CITY BANKS—CONDITION AT CLOSE OF EACH WEEK.

DATES.	*Loans.*	*Specie.*	*Legal tenders.*	*Deposits.*	*Surplus Reserve.*	*Circulation.*	*Clearings.*
July 6...	$1,115,724,300	$199,710,500	$70,780,800	$1,078,540,200	$856,250	$50,396,400	$1,770,759,900
" 13...	1,104,835,900	201,818,000	72,749,000	1,070,759,800	6,877,050	50,321,700	1,742,505,000
" 20...	1,105,250,000	204,768,300	72,567,600	1,072,991,800	9,088,075	50,382,300	1,611,773,600
" 27...	1,123,163,700	210,451,500	72,750,400	1,095,772,900	9,258,675	50,293,900	1,497,352,000
Aug. 3...	1,126,950,700	210,339,700	71,959,100	1,099,302,400	7,473,200	50,183,500	1,603,602,900

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

MONTH.	*1905.*		*1906.*		*1907.*	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February......	1,189,828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,634,100
March.........	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,038,431,800	3,857,650
April..........	1,138,661,300	3,664,575	1,004,290,500	5,131,270	1,019,817,800	13,131,275
May...........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	1,106,183,800	12,346,775
June..........	1,136,477,700	6,050,275	1,036,751,100	6,816,025	1,128,194,600	13,782,450
July...........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	1,092,031,700	2,509,275
August	1,190,744,900	15,305,975	1,060,116,900	18,892,475	1,099,302,400	7,478,200
September....	1,166,587,200	5,498,785	1,042,057,200	2,869,400	....	....
October.......	1,080,465,100	7,440,025	1,034,059,000	12,540,350	....	....
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December ...	1,023,882,300	2,565,375	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

Non-Member Banks—New York Clearing-House.

Dates.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
June 29.....	$119,499,600	$125,990,000	$5,548,700	$6,689,000	$11,892,500	$3,657,600	* $3,709,700
July 6.....	118,491,900	125,756,000	4,884,900	6,916,100	12,481,300	3,805,000	* 3,844,825
" 13....	117,683,000	126,839,600	5,138,000	7,241,800	13,501,000	3,782,800	* 2,046,800
" 20.....	117,404,500	124,440,800	4,920,400	6,584,800	12,467,300	3,169,500	* 3,968,200
" 27....	116,438,200	122,537,200	5,048,300	6,523,400	11,338,800	3,480,400	* 4,298,400

* Deficit.

Boston Banks.

Dates.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
June 29........	$192,954,000	$218,912,000	$17,486,000	$4,662,000	$8,248,000	$143,227,200
July 6........	192,658,000	224,678,000	16,436,000	5,418,000	8,326,000	170,017,700
" 13........	192,350,000	216,820,000	16,208,000	5,860,000	8,880,000	164,423,500
" 20........	191,693,000	222,308,000	17,945,000	5,170,000	8,320,000	165,958,800
" 27........	194,074,000	230,433,000	18,823,000	4,778,000	3,288,000	149,331,500

Philadelphia Banks.

Dates.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings*
June 29..................	$225,236,000	$259,585,000	$56,955,000	$14,115,000	$146,510,200
July 6..................	224,480,000	260,036,000	56,859,000	14,145,000	159,687,900
" 13..................	223,030,000	254,502,000	55,736,000	13,954,000	137,536,200
" 20..................	221,660,000	255,268,000	56,288,000	13,781,000	141,540,000
" 27..................	221,834,000	256,711,000	59,035,000	13,641,000	134,912,700

Foreign Banks.—The Bank of England gained $1,000,000 gold in July, the Bank of France $8,000,000, and the Bank of Russia $2,000,000, while the Bank of Germany lost $17,000,000. With the exception of Russia all the principal banks hold less gold than they did a year ago, France showing the heaviest loss—$22,000,000.

Gold and Silver in the European Banks.

	June 1, 1907.		*July 1, 1907.*		*Aug. 1, 1907.*	
	Gold.	*Silver.*	*Gold.*	*Silver.*	*Gold.*	*Silver.*
England............	£35,237,110	....	£35,544,221	....	£35,839,682	....
France............	105,964,857	£39,553,199	110,492,867	£39,695,821	112,029,395	£39,023,235
Germany...........	36,980,000	12,310,000	36,290,000	12,097,000	32,567,000	9,025,000
Russia.............	116,071,000	6,295,000	116,437,000	6,582,000	116,896,000	6,708,000
Austria-Hungary..	45,644,000	12,732,000	45,700,000	12,628,000	45,620,000	12,386,000
Spain..............	15,499,000	25,528,000	15,540,000	25,825,000	15,591,000	25,780,000
Italy..............	32,319,000	4,947,000	32,383,000	4,911,700	33,682,000	4,516,400
Netherlands.......	5,829,800	5,599,200	5,357,700	5,747,100	5,769,700	5,744,300
Nat. Belgium......	3,254,000	1,627,000	3,224,333	1,612,000	3,120,000	1,560,000
Sweden............	4,145,000	....	4,141,000	....	4,139,000	....
Totals..........	£400,398,767	£108,591,799	£405,109,788	£109,098,621	£405,253,777	£104,742,935

Foreign Exchange.—The market for sterling was irregular, ruling high early in the month and becoming weaker as the local money market showed signs of stringency. As the latter became easier sterling exchange again advanced and at the close rates were close to the figures ruling at the end of June. Over $4,000,000 gold was exported from New York, most of it going to Paris.

RATES FOR STERLING AT CLOSE OF EACH WEEK.

WEEK ENDED.	BANKERS' STERLING. 60 days.	BANKERS' STERLING. Sight.	Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
July 6	4.8390 @ 4.8400	4.8700 @ 4.8705	4.8755 @ 4.8765	4.83⅝ @ 4.83¾	4.82⅞ @ 4.84
" 13	4.8350 @ 4.8360	4.8660 @ 4.8665	4.8705 @ 4.8710	4.83⅛ @ 4.83¼	4.82⅛ @ 4.83⅝
" 20	4.8370 @ 4.8380	4.8685 @ 4.8690	4.8725 @ 4.8730	4.83⅜ @ 4.83½	4.82¾ @ 4.83¾
" 27	4.8395 @ 4.8405	4.8710 @ 4.8720	4.8760 @ 4.8770	4.83⅝ @ 4.83¾	4.83 @ 4.84⅛
Aug. 3	4.8350 @ 4.8380	4.8675 @ 4.8685	4.8735 @ 4.8745	4.83⅛ @ 4.83¼	4.82⅝ @ 4.83¾

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	April 1.	May 1.	June 1.	July 1.	Aug. 1.
Sterling Bankers—60 days	4.78¾– 79	4.83⅛– ¼	4.83¾– ⅞	4.83⅝– ¾	4.83⅝– ¾
" " Sight	4.88⅛– ¼	4.86⅛–	4.86¾– ⅞	4.86⅝– ¾	4.86⅞–87
" " Cables	4.83⅞– 84	4.86⅜– ½	4.87¼– ⅜	4.87⅝– ¾	4.87½– ⅝
" Commercial long	4.78¼– ½	4.82⅞–83	4.83⅜– ½	4.83¼– ⅜	4.83⅜– ½
" Docu'tary for paym't.	4.77¾– 9¼	4.82⅞–83	4.82⅝– 8¾	4.82⅝– 3⅝	4.82½– 8¾
Paris—Cable transfers	5.22⅛–	5.16⅞–	5.15⅝– 3/16	5.16¼–15⅝	5.15⅝–
" Bankers' 60 days	5.26¼– 25⅝	5.20⅝–20	5.19⅜–18¾	5.20 –19	5.19⅜–18¾
" Bankers' sight	5.23⅛–	5.17⅛–	5.16¼–15⅝	5.16⅞– ¼	5.16¼–
Swiss—Bankers' sight	5.24⅜– 3¾	5.18⅛–17⅛	5.16¼–15⅝	5.16⅞–	5.16¼–
Berlin—Bankers' 60 days	93⅝– ⅛	94 7/16– ½	94 9/16– 11/16	94 9/16– 11/16	94⅝– ¾
" Bankers' sight	94 3/16– ¼	94 15/16– 95	95⅛– 3/16	95⅛– 3/16	95 3/16– ¼
Belgium—Bankers' sight	5.25 – 4⅝	5.18¾–17½	5.18⅛–17½	5.18⅛–	5.18⅛–17½
Amsterdam—Bankers' sight	39 13/16– ⅞	40¼–	40¼–	40 5/16– ⅜	40⅜–
Kronors—Bankers' sight	26⅝– ⅞	26⅝– ⅞	26¾–27	26¾–27	26¾–27
Italian lire—sight	524⅜– 23¾	5.18¾– ⅛	5.16⅞– ¼	5.15⅝–15	5.15 1/16– 15

MONEY RATES ABROAD.—There was no change in the official rates of discount of any of the leading European banks last month, and open market rates have fluctuated only slightly. Discounts of sixty to ninety-day bills in London at the close of the month were 3¾ per cent., against 3⅝ per cent. a month ago. The open market rate at Paris was 3⅛@3¼ per cent., against 3⅜ per cent. a month ago, and at Berlin and Frankfort 4½@4⅝ per cent., against the same as a month ago.

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	Apr. 30, 1907.	May 31, 1907.	June 30, 1907.	July 31, 1907.
Circulation (exc. b'k post bills)	£29,165,000	£28,822,000	£29,209,000	£29,923,000
Public deposits	9,288,000	10,689,000	11,019,000	8,665,000
Other deposits	4[illegible],005,000	42,352,000	46,874,000	43,407,000
Government securities	15,321,000	15,321,000	15,085,000	16,084,000
Other securities	32,844,000	30,733,000	35,980,000	29,714,000
Reserve of notes and coin	25,042,000	24,864,000	24,784,000	24,367,000
Coin and bullion	35,757,974	35,337,110	35,544,221	35,839,682
Reserve to liabilities	45.21%	46.82%	42.75%	46.74%
Bank rate of discount	4%	4%	4%	4%
Price of Consols (2½ per cents.)	84 11/16	84⅛	84⅛	82⅝
Price of silver per ounce	30 7/16d.	30 15/16d.	31d.	31 15/16d.

SILVER.—The London silver market was strong during the month, the price advancing almost continuously from 31d. to 31 15-16d., closing at the latter figure, a net gain for the month of 15-16d. The present price is the highest since March last.

MONTHLY RANGE OF SILVER IN LONDON—1905, 1906, 1907.

MONTH.	1905.		1906.		1907.		MONTH.	1905.		1906.		1907.	
	High	Low.	High	Low.	High	Low.		High	Low.	High	Low.	High	Low.
January..	28 3/8	27 9/16	30 1/4	29 11/16	32 7/16	31 1/4	July......	27 5/16	26 7/8	30 7/16	29 13/16	31 15/16	31
February	28 5/16	27 7/8	30 13/16	30 1/8	32 1/8	31 1/4	August ..	28 3/4	27 1/8	30 13/16	29 7/8	....	....
March....	27 11/16	25 13/16	30 7/16	29	32 5/16	30 5/8	Septemb'r	28 3/4	28	31 3/4	30 15/16	....	....
April.....	26 5/8	25 7/16	30 3/16	29 5/8	30 1/8	30	October..	28 11/16	28 5/8	32 9/16	31 11/16	....	....
May......	27 5/16	26 1/8	31 5/8	30 3/16	31 1/8	29 11/16	Novemb'r	30 5/16	28 13/16	33 1/8	32	....	....
June.....	27 1/8	26 3/4	31 1/16	29 5/8	31 1/16	30 5/8	Decemb'r	30 5/16	29 5/8	32 5/16	31 9/16	....	....

FOREIGN AND DOMESTIC COIN AND BULLION—QUOTATIONS IN NEW YORK.

	Bid.	Asked.		Bid.	Asked.
Sovereigns	$4.87	$4.90	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.87	4.90	Mexican 20 pesos	19.50	19.65
Twenty francs	3.87	3.90	Ten guilders	3.95	4.00
Twenty marks	4.76	4.80	Mexican dollars	.54	.56
Twenty-five pesetas	4.78	4.82	Peruvian soles	.49¼	.53
Spanish doubloons	15.50	15.65	Chilian pesos	.49¼	.53

Bar silver in London on the first of this month was quoted at 31 11/16d. per ounce. New York market for large commercial silver bars, 69⅝ @ 71c. Fine silver (Government assay), 69¾ @ 71c. The official price was 69½c.

NATIONAL BANK CIRCULATION.—There was a decrease of $392,804 in national bank notes outstanding last month, the first decrease in a long time. While the Government bonds deposited to secure circulation increased $149,640, the notes secured by bonds were reduced $547,591. Circulation based upon the deposit of lawful money increased $154,787. The securities deposited to secure public deposits were reduced $24,-700,000, the reduction being nearly all in railroad and miscellaneous securities.

NATIONAL BANK CIRCULATION.

	Apr. 30, 1907.	May 31, 1907.	June 30, 1907.	July 31, 1907.
Total amount outstanding	$599,913,840	$601,940,550	$603,788,690	$603,395,886
Circulation based on U. S. bonds	550,204,771	553,614,574	555,570,881	555,023,290
Circulation secured by lawful money	49,709,069	48,325,976	48,217,809	48,372,596
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	1,290,550	626,750	415,000	12,500
Four per cents. of 1925	7,658,900	7,859,400	7,956,900	8,482,900
Three per cents. of 1908-1918	4,272,820	4,362,420	4,817,180	4,882,620
Two per cents. of 1930	523,055,200	527,138,150	528,458,250	528,376,950
Panama Canal 2 per cents	16,921,580	16,950,580	16,795,580	16,827,580
Total	$553,199,050	$556,937,300	$558,442,910	$558,582,550

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1907, $244,000: 4 per cents. of 1925, $5,940,750; 3 per cents. of 1908-1918, $7,-799,900; 2 per cents. of 1930, $66,052,050; Panama Canal 2 per cents. $12,833,800; District of Columbia 3.65's, 1924, $1,088,000; Hawaiian Islands bonds. $1,713,000; Philippine loan. $9,644,000; state, city and railroad bonds, $62,491,885; Porto Rico, $730,000; a total of $168,536,485.

GOVERNMENT REVENUES AND DISBURSEMENTS.—The expenditures of the Government in July exceeded the receipts by $10,906,880, a usual occurrence in the first month of the fiscal year. This follows a surplus of $21,894,579 in June. The change is caused by a decrease of $6,800,-000 in receipts and an increase of $22,000,000 in expenditures. Compared with July, 1906, however, receipts show an increase of $3,600,000 and expenditures an increase of only $1,000,000. The deficit in the first month last year was $13,500,000, or $2,600,000 more than in July this year. This would indicate that the surplus of nearly $87,000,000 in 1906-'07 may be exceeded in 1907-'08.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	*July, 1907.*	*Since July 1, 1907.*
Customs	$28,836,449	$28,836,449
Internal revenue	22,840,304	22,840,304
Miscellaneous	4,229,712	4,229,712
Total	$55,906,465	$55,906,465
	*$10,906,880	*$10,906,880

*Excess of expenditures.

Expenditures.

Source.	*July, 1907.*	*Since July 1, 1907.*
Civil and mis.	$14,898,161	$14,898,161
War	14,218,238	14,218,238
Navy	9,273,366	9,273,366
Indians	1,513,171	1,513,171
Pensions	12,133,221	12,133,221
Public works	11,121,711	11,121,711
Interest	3,655,482	3,655,482
Total	$66,813,345	$66,813,345

United States Public Debt.—The most interesting feature of the public debt statement of August 1 is the elimination from the interest-bearing debt schedule of the 4 per cent. bonds of 1907. There were over $36,000,000 of these bonds outstanding a month ago and nearly $12,500,000 are still unredeemed, but they now appear in the list of bonds which have matured and no longer bear interest. The interest and non-interest debt decreased $24,000,000, while certificates were increased about $15,000,000, making a net decrease in the aggregate debt of $9,000,000. The cash balance in the Treasury was reduced $30,000,000 and the net debt less cash in the Treasury increased $6,000,000.

United States Public Debt.

	May 1, 1907.	*June 1, 1907.*	*July 1, 1907.*	*Aug. 1, 1907.*
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$635,609,050	$645,761,650	$646,250,150	$646,250,150
Funded loan of 1907, 4 per cent	53,500,600	41,752,400	36,126,150	....
Refunding certificates, 4 per cent	23,620	23,370	22,620	....
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1898, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent.	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt	$901,568,630	$899,972,780	$894,834,280	$858,685,510
Debt on which interest has ceased	1,095,135	1,086,925	1,066,815	13,563,135
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	48,463,418	47,753,708	47,658,804	47,428,404
Fractional currency	6,864,477	6,864,477	6,863,994	6,863,994
Total non-interest bearing debt	$402,062,193	$401,352,488	$401,257,097	$401,026,696
Total interest and non-interest debt.	1,304,725,959	1,302,412,189	1,297,178,192	1,273,275,342
Certificates and notes offset by cash in the Treasury:				
Gold certificates	672,336,869	681,249,869	678,244,869	694,930,869
Silver certificates	476,150,000	475,784,000	475,777,000	474,068,000
Treasury notes of 1890	6,182,000	6,078,000	5,988,000	5,891,000
Total certificates and notes	$1,154,668,869	$1,163,061,869	$1,160,009,869	$1,174,889,869
Aggregate debt	2,459,394,828	2,465,474,058	2,457,188,061	2,448,165,211
Cash in the Treasury:				
Total cash assets	1,672,151,086	1,682,641,381	1,688,027,086	1,684,605,842
Demand liabilities	1,270,762,744	1,275,011,716	1,269,445,649	1,296,031,654
Balance	$401,388,342	$407,629,664	$418,581,437	$388,574,188
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	251,388,342	257,629,664	268,581,437	238,574,188
Total	$401,388,342	$407,629,664	$418,581,437	$388,574,188
Total debt, less cash in the Treasury	903,337,617	894,782,525	878,596,755	884,701,154

Foreign Trade.—The merchandise movement in June was the largest ever recorded in that month in any year. Exports exceeded $137,000,000 and imports $112,000,000, surpassing the high record made in 1906 by $12,700,000 and $11,700,000 respectively. The balance of net export was $25,000,000, and increase of $1,000,000 over June, 1906, but a decrease of $5,000,000 compared with 1905. For the year the exports were $1,880,000,000, the largest ever recorded, and the imports were $1,434,-000,000, also a high record. The net exports were $446,000,000, or $70,000,000 less than in the previous year. The large exports of gold in June, exceeding $21,700,000, caused the net imports for the year to fall to $63,000,000, but this is $5,400,000 larger than in 1906 and has been exceeded only three times in the history of the country.

Exports and Imports of the United States.

Month of June.	Merchandise.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1902	$89,240,483	$73,115,054	Exp., $16,125,429	Imp., $3,694,932	Exp., $1,447,213
1903	95,222,846	81,999,777	" 13,223,069	Exp., 9,740,035	Imp., 494,395
1904	93,224,866	81,157,235	" 12,067,631	Imp., 3,363,689	Exp., 1,658,223
1905	121,153,486	90,447,245	" 30,706,241	Exp., 1,881,83.	" 2,388,547
1906	125,033,983	100,780,071	" 24,253,912	" 887,312	" 758,374
1907	137,739,576	112,489,882	" 25,249,694	" 21,731,371	" 1,911,887
Twelve Months.					
1902	1,381,719,401	903,320,948	Exp., 478,398,453	Imp., 3,452,304	Exp., 21 500,136
1903	1,420,141,679	1,025,719,237	" 394,422,442	Exp., 2,108,568	" 20,086,768
1904	1,469,827,271	991,087,371	" 469,739,900	Imp., 17,595,282	" 21,703,888
1905	1,518,561,666	1,117,513,071	" 401,048,595	Exp., 38,945,063	" 21,363,947
1906	1,743,864,500	1,226,562,446	" 517,302,054	Imp., 57,648,139	" 21,426,523
1907	1,880,851,024	1,434,401,092	" 446,449,932	" 63,086,500	" 13,820,283

Money in Circulation in the United States.—There was an increase of about $2,000,000 in the amount of money in circulation in July, but the Director of the Mint has revised the estimate of the stock of gold coin, reducing it $135,000,000. There is therefore an apparent decrease in circulation of $133,000,000, and the per capita circulation is reduced from $33.86 to $33.27.

Money in Circulation in the United States.

	May 1, 1907.	*June 1, 1907.*	*July 1, 1907.*	*Aug. 1, 1907.*
Gold coin	$691,481,469	$695,680,258	$698,762,929	$566,036,725
Silver dollars	82,528,304	82,083,942	81,6 4,518	81,255,667
Subsidiary silver	121,349,701	121,726,527	121,755,976	122,248,618
Gold certificates	630,871,839	630,685,409	602,973,499	614,461,389
Silver certificates	469,829,163	470,459,252	470,375,262	463,816,437
Treasury notes, Act July 14, 1890	6,168,758	6,066,780	5,975,545	5,881,050
United States notes	341,979,242	343,100,193	342,713,692	341,104,470
National bank notes	588,397,549	590,030,208	590,090,835	586,519,204
Total	$2,932,106,025	$2,939,7×2,569	$2,914,342,256	$2,781,328,560
Population of United States	85,838,000	85,956,000	86,074,000	86,193,000
Circulation per capita	$34.16	$34.20	$33.86	$32.27

Money in the United States Treasury.

	May 1, 1907.	*June 1, 1907.*	*July 1, 1907.*	*Aug. 1, 1907.*
Gold coin and bullion	$926,412,272	$923,456,633	$903,251,713	$908,182,013
Silver dollars	485,723,226	486,107,588	486,557,012	486,995,863
Subsidiary silver	8,419,788	9,052,491	8,804,401	8,587,949
United States notes	4,701,774	3,580,823	3,967,824	5,576,546
National bank notes	11,516,291	11,910,342	13,697,855	16,876,682
Total	$1,436,773,851	$1,434,167,877	$1,416,278,505	$1,426,169,053
Certificates and Treasury notes, 1890, outstanding	1,106,369,760	1,107,161,441	1,079,324,306	1,084,158,876
Net cash in Treasury	$330,403,591	$327,006,436	$336,953,999	$342,010,177

Money in the United States Treasury.—The total money in the Treasury increased nearly $10,000,000 in July and this was partly offset by an increase of $5,000,000 in certificates outstanding, leaving the increase in the net balance $5,000,000. The net gold in the Treasury was reduced $6,600,000.

Supply of Money in the United States.—The reduction in the estimate of gold coin of $135,000,000 leaves the estimated stock of gold on July 31 at $1,474,000,000, or $128,000,000 less than on June 30. There was little change in the other classes of money, and the total of all kinds is now estimated at $3,123,000,000.

Supply of Money in the United States.

	May 1, 1907.	*June 1, 1907.*	*July 1, 1907.*	*Aug. 1, 1907.*
Gold coin and bullion	$1,617,898,741	$1,619,136,891	$1,602,014,642	$1,474,168,788
Silver dollars	568,251,530	568,251,580	568,251,580	568,251,580
Subsidiary silver	129,769,489	130,779,018	130,560,377	130,836,567
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	599,913,840	601,940,550	603,788,690	603,395,886
Total	$3,262,509,616	$3,266,789,005	$3,251,296,255	$3,123,333,737

THE UNIFICATION OF BANKING.

An article by Miss Anna Youngman, in a recent number of the "Journal of Political Economy," contains the following:

"The unification of the banks and other financial institutions of the country which has progressed rapidly since 1897 presents another striking illustration of the general tendencies of the time; (or, more correctly, perhaps) reflects the general trend of development. It is, as I have said elsewhere, but one aspect of the general movement toward an extension of investment interests, together with a concentration of group control which has been so characteristic of late years. Since extensive banking connections are the *sine qua non* of such financial operations as are undertaken by the large group of investors, an alliance of the banks that furnish support to one group with those that are identified with another becomes in consequence exceedingly significant. In short, it implies, or, at any rate, looks toward, a union of a more general sort than has thus far been dealt with—that is, a union of individual groups of financiers designed to cover in its scope miscellaneous investment interests.

It is impossible in the present article to do more than touch upon this phase of the subject, but it may be well to state that, as the Standard Oil group extended its investment activities and came into closer contact with other groups, the National City Bank began to contract new alliances, to admit representatives of outside interests to its directorate, and to purchase control of other banks, until to-day it stands at the head of one of the most powerful organizations in the country. Nor has the growth of this aggregation ceased, for each year the National City Banks are becoming more closely allied with that other important chain of institutions, the so-called Morgan banks.

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—Plans have been filed for a new sixteen-story office and store building to be erected at 160 Broadway for the Lawyers' Title Insurance and Trust Company, whose present quarters are at 37 Liberty street. The new building will have a frontage of 59.1 feet and a depth of 115.8 feet, with a facade of modified classic design of pink Milford granite at the lower stories and limestone with terra cotta decorations above. It will have engaged Doric columns above the entrance story and Corinthian pilasters at the two topmost stories supporting a cornice and an ornamental balustrade. A large decorated clock will be set above the Doric colonnade at the fourth story. The building will cost $700,000.

—J. Haviland Tompkins, formerly managing clerk for the law firm of Beardsley & Hemmens, has become connected with the Trust Company of America, as assistant to the solicitor.

—On July 18 the Homestead Bank of Brooklyn was authorized to begin the transaction of a discount and deposit business by the State Banking Department. The capital is $200,000 and the incorporators are Rudolph Reinor, Jr.; Solomon Rubin, William S. Wyckoff, John Wyckoff and E. Lincoln Rockefeller, all of Brooklyn.

—The Buffalo & Susquehanna Railway Company has placed through Fisk & Robinson an issue of $1,200,000 equipment trust bonds. These bonds were quickly absorbed on 6% basis. The entire amount was disposed of within a few days after their purchase by the banking-house.

—Messrs. N. W. Halsey & Co. have purchased the $3,000,000 issue of five per cent. first mortgage gold coupon bonds of the Yosemite Valley Railroad. The bonds are dated December 30, 1906, and are due January 1, 1936, without option of prior payment. The bonds are in denominations of $1,000 and are exempt from taxation in the State of California. They are secured by first lien on all the property now owned or hereafter acquired, including terminals, rolling stock, franchises and rights and property of every description. A substantial sum has been invested by the owners in addition to the proceeds from the sale of bonds. A sinking fund, operative from 1911, will retire forty per cent. of the issue by maturity.

The Yosemite Valley Railroad is a standard-gauge steam railroad, extending from its junction with the main lines of the Southern Pacific and Santa Fe Systems at Merced, Cal., to its terminal at El Portal, on the boundary of the Yosemite National Park, about eighty miles in all.

The board of directors, numbering among its members representatives of the strongest financial interests in California, is as follows:

Frank G. Drum, president; Wm. H. Crocker, president Crocker-Woolworth National Bank, San Francisco; N. D.

Rideout, president Mercantile Trust Co., San Francisco; Thos. Prather, president Union National Bank, Oakland; W. W. Garthwaite, vice-president Oakland Bank of Savings, Oakland; Henry T. Scott, capitalist, San Francisco; Harry L. Tevis, capitalist, San Francisco.

—The fifth annual convention of the American Institute of Banking, composed of the employees of banks throughout the county, will be held in Detroit on August 22-23-24. The New York Chapter will be represented at the meeting by the following delegates and alternates.

Delegates—H. S. Andrews, Garfield National; George E. Allen, secretary of the Institute; N. D. Alling, Nassau Bank; A. G. Atkin, Irving National Exchange; Alfred M. Barrett, Guardian Trust Co.; M. F. Bauer, American Exchange National; E. H. Callanan, National Bank of Commerce; C. W. Carey, Metropolitan Trust Co.; O. H. Cheney, 32 Broadway; W. I. Dey, People's Bank; R. W. Brett, Chemical National; A. A. Ekirch, North Side Savings; A. A. Fitzhugh, Broadway Bank of Brooklyn; J. H. Fallon, Seaboard National; C. R. Dunham, Citizens' Central; Thos. H. Hunt, Jr., National Park; R. P. Kavanagh, Fifth Avenue Bank; Wm. M. Rosendale, Market and Fulton National; C. F. Minor, Knickerbocker Trust Co.; Jason A. Neilson, Brown Bros. & Co.; R. J. Phair, Night and Day Bank; E. N. Wilson, Title Guarantee and Trust Co.; M. L. Wicks, Bankers' Trust Co.; H. J. Dorgeloh, Coal and Iron National; and C. F. Manchon, Union Square Savings Bank.

Alternates—Charles Coyne, National Bank of Commerce; L. N. Roe, Colonial Bank; E. F. Felckert, Plainfield (N. J.) Trust; Arthur A. Brown, Fifth Avenue Bank; F. J. Brown, Lincoln National; Charles Connelly, Knickerbocker Trust Co.; Marcel Dirnfield, Salomon & Co.; M. A. Fowler, Bank of the Metropolis; L. J. Grinnon, N. Y. County National; W. T. Law, Farmers' Loan and Trust; M. L. Morgenroth, Mutual Alliance Trust Co.; H. Newman, Knauth, Nachod & Kuhne; August Pupke, Hudson County Trust; R. A. Seaver, Importers and Traders' National; Lewis I. Sharp, International Banking Corporation; Paul T. Wood, Stapleton National; H. L. Tompkins, West Side Bank; A. C. Stevens, Canadian Bank of Commerce; A. L. Ward, Van Norden Trust Co.; David King, Fourth National; P. M. Christie, Citizens' National, Englewood; J. J. Tuohig, Hanover National; C. A. Ingalls, Corn Exchange Bank, and A. W. Hudson, Fifth Avenue Trust Co.

—At a recent meeting of the board of directors of the Farmers' Loan and Trust Company, Thomas J. Barnett was elected vice-president, Samuel Sloan, Jr., second vice-president, and Augustus V. Heely, secretary.

—In consequence of the recent increase of the capital stock of the New York County National Bank from $200,000 to $500,000, the directors have declared a special equalizing dividend of 150 per cent. The declaration is equivalent to the announcement of a stock dividend of the same amount, as it will enable the stockholders to take up the new stock at par in proportion to their holdings of the old capitalization.

The equalizing dividend is exclusive of the regular semi-annual dividend of 25 per cent. paid on July 1 on the old stock.

NEW ENGLAND STATES.

—Hartford, Ct., has a new trust company—the Riverside—which opened on July 24.

MIDDLE STATES.

—Two or three hundred new safe-deposit boxes and chests will be installed in the vault now being constructed by the Farmers' National Bank of Rome, N. Y. The new vault will be proof against fire and burglars and will contain the most improved devices for insuring safety and convenience.

—On July 12, Walter E. Mason, formerly a national bank examiner, and ex-president of the Commercial and Farmers' National Bank of Baltimore, was acquitted of the charge of conspiring to defraud an insurance company, the jury being out only a few minutes.

SOUTHERN STATES.

—For the six months ending June 29, 1907, the First National Bank of Northfork, W. Va., earned, net, $5,071.62, which added to the amount to the credit of undivided profits December 31, 1906, $429.22, made a total of $5,500.84, apportioned as follows: Credited to surplus, $5,000; to undivided profits, $150.84; reserved for interest and taxes, $350. The management decided not to begin the payment of dividends at present, but to build up the surplus of the bank. Net earnings for the past six months exceeded ten per cent.

Though having been in business a little short of a year, this bank has resources of over $300,000, and its deposits are exceeded by only one bank in the county.

Lester G. Toney is president, Wm. J. Beury, vice-president, and R. B. Parrish, cashier.

—William J. Oliver, lowest bidder on the Panama Canal; Frederick C. Stevens, Leslie M. Shaw, former Secretary of the Treasury; Henry B. Spencer, vice-president of the Southern Railway Company; W. C. Sproul, banker of Chester, Pa.; R. B. Jones, Jr., of Jersey City, and other leading Eastern and Southern financiers, including prominent bankers of Knoxville and East Tennessee, are directors in the Mechanics' Bank and Trust Company recently organized at Knoxville, Tenn., with Bird M. Robinson of New York as president and S. B. Luttrell, president of the Mechanics' National Bank, the stock of which is taken over by the new company, as chairman of the board of directors.

The new company has the active backing of trust and banking companies of the East in which members of the directorate are interested. The capital stock is $500,000, and the surplus is $100,000.

WESTERN STATES.

—Nebraska bankers will hold their annual convention at Omaha, September 18 and 19. Officers of the association are: President, P. L. Hall, Lincoln; chairman executive council, H. W. Yates, Omaha; treasurer, F. T. Hamilton, Omaha; secretary, Wm. B. Hughes, Omaha.

—Chicago is to have a new savings bank—the Four Per Cent. Savings Bank, which has been organized with $200,000 capital.

—C. B. Wright, president of the Union Savings Bank and Trust Company, has resigned as president of the Cincinnati Clearing-House Association and has been succeeded by Casper Rowe, vice-president of the Market National Bank. W. D. Dubble was reelected manager of the association.

—By an amendment to the banking law of Illinois, approved June 3, 1907, the following limitations are placed upon loans:

"The total liabilities to any association, of any person or of any corporation or firm, for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed fifteen per cent. of the amount of the capital stock of such association actually paid in and unimpaired, and fifteen per cent. of its unimpaired surplus fund.

Provided, however, that the total liabilities of any such person, company or firm shall at no time exceed thirty per cent. of the amount of capital actually paid in: And provided, further, that undivided profits shall not be construed as a part of the surplus; but the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed.

Every such loan made in violation of the provisions hereof shall be due and payable according to its terms, and the remedy for the recovery of any money loaned in violation of the provisions hereof, or for the enforcement of any agreement, collateral or otherwise, made in connection with any such loan, shall not be held to be impaired, affected or prohibited by reason of such violation, but such remedy shall exist, notwithstanding the same. But every director of any such association who shall violate, or participate in, or assent to such violation, or who shall permit any of the officers, agents or servants of the association to violate the provisions hereof, shall be held liable in his personal and individual capacity for all damages which the association, its shareholders or any other person shall have sustained in consequence of such violation."

As will be seen, this holds directors individually responsible for excess loans. This amendment is to be voted on by the people before going into effect, but there can be little doubt of its adoption.

—Savings deposits in the Chicago banks exceed $160,000,000, compared with $149,715,000 in 1906, $132,123,000 in 1905, $113,862,000 in 1904, $94,587,000 in 1903, $73,541,000 in 1902, $59,936,000 in 1901, $47,403,000 in 1900, $35,636,000 in 1899, $27,218,000 in 1898, $21,532,000 in 1897, and $24,563,000 in 1896.

—The Charlevoix (Mich.) County Bank, established in 1884 as a private bank, changed to a state bank in 1886 and again to a private bank in 1898, is the oldest bank in the county and does a large business. Its backing is upwards of $200,000. The bank owns the building it occupies, on a principal business corner. Officers are: President, John Nicholls; vice-president, Harry Nicholls; cashier, Archibald Buttars; assistant cashier, Albert F. Bridge.

—Prior to July 1 the dividend rate of the American National Bank of Indianapolis was seven per cent. per annum. On June 30, President John Perrin addressed the following letter to the shareholders:

"During the past four years this bank has paid dividends at the rate of seven per cent. per annum, an aggregate of $332,500.00. The earnings for two years past have warranted increasing the dividend rate, but the directors have deferred this action until there should be included in our income the rentals from offices leased in our bank building (these rentals now being $24,056 per annum, without charge for the bank room or safe deposit quarters).

Having the largest capital of any bank in the state to protect deposits, and a surplus fund ample to protect the capital even under extraordinary conditions, and a goodly sum of undivided profits to protect the surplus, this bank's strong position and steadily increasing earnings place it in excellent position to pursue a liberal policy as to dividends.

The present dividend is upon the basis of an increase from seven per cent. to eight per cent. per annum."

This increased rate, it will be seen, was declared only after the bank was in position to justify it while maintaining absolutely its strong position, indicating a strict adherence to the sound and progressive policy which has always marked the bank's management.

—Chicago is to have a new bank—the National Produce Bank, which has been organized with $200,000 capital and $50,000 surplus. It will be devoted largely to handling the business of commission men on South Water street. Those announced as being behind the new institution are: Wm. A. Tilden, president of Drovers' Deposit National Bank; Charles W. Higley, general Western agent Hanover Fire Insurance Co.; Wm. Wrigley, Jr., manufacturer of chewing gum; J. F. Smith of Swift & Co., and F. T. Fuller, vice-president National Packing Co.

—The Rockford (Ill.) National Bank, which recently took possession of its splendid new banking rooms, was organized May 1, 1871, by the late Gilbert Woodruff, who was president of the institution until his death in October, 1903. He was succeeded by Horace Brown who continued as president until his death in August, 1906. W. F. Woodruff, now president of the bank, the son of Gilbert Woodruff, entered the institution as a messenger and has worked his way through the different stations in the business to the presidency. During these years he not only acquired a very thorough knowledge of banking but a large acquaintance with the bank's patrons and the business public as well.

C. F. Henry, the vice-president, was a successful merchant before he became so prominently identified with the banking business.

H. S. Burpee, the cashier came to his present responsibility after many years' service in other departments and is a highly esteemed official.

The bank is fortunate in having a strong directory, composed of C. F. Henry, W. F. Hudler, R. S. Armstrong, J. C. Woodburn, J. B. Whitehead, W. W. Bennett, W. F. Woodruff, George L. Wiley and R. K. Welsh. These men represent leadership in their respective lines of endeavor and not only add strength to the institution but attract a large following of friends who have confidence in their judgment of business matters.

As the bank has $100,000 capital, reinforced by $100,000 surplus and $15,775 undivided. profits, its strength is apparent. Deposits are over $1,000,000.

In size, construction and equipment the new building measures up to the requirements of the bank's large and growing business.

—From its May statement to that of July the Ludington (Mich.) State Bank increased its deposits from $389,000 to $439,000—a gain of $50,000, which is a good showing to be made in a place of 9,000 population and with strong competition.

This bank began business in August, 1901, and has prospered from the start. It now occupies a handsome and substantial building, thoroughly equipped and well located. The officers of the bank are: President, C. G. Wing; vice-president, W. A. Cartier; cashier, C. Hagerman.

—The People's Savings Bank of Cadillac, Mich., formally opened its new banking-house on July 3. It is a substantial and handsome building, constructed especially for the bank, and is equipped with the best vaults, furniture and fixtures. The People's Savings Bank was five years old July 15. It started in with a capital stock of $50,000 and recently increased it to $75,000. Its directors and officers are among the city's substantial business men and are as follows: President, E. J. Haynes; vice-president, C. H. Drury; cashier, George Chapman; James English, Henry Ballou, Orange Webster, S. H. Merritt, James Mather, J. P. Wilcox.

—Festus J. Wade, president of the Mercantile Trust Company, St. Louis, took a prominent part in effecting a settlement between the Government and the Catholic Church regarding certain property in the Philippine Islands, and also in bringing about an understanding between the authorities at Washington and the Banco Espanol Filipino.

The settlement in regard to the bank was gone over carefully by Mr. Wade, himself a practical banker, while the War Department enlisted the assistance of Charles A. Conant, former commissioner on the coinage of the Philippine Islands; Prof. Jeremiah W. Jenks and Prof. E. W. Kemmerer. This settlement was gratifying to the War Department, because of the delicate legal questions arising under the treaty of Paris. It was claimed on behalf of the bank that the franchise granted by Spain and running until the year 1928, involving the exclusive right to issue notes, was binding upon the American Government as a property right. The American Government disputed this claim, not only because of the exclusive nature of the franchise claimed, but because it authorized the issue of bank notes to three times the capital stock of the bank. This was so contrary to American precedent that the Philippine Government had already levied a tax of one per cent. per month upon notes in excess of the capital of the bank.

Regarding the settlement with the bank, Mr. Wade said:

"Under the terms of the agreement in regard to the bank, all claims to exclusive privileges, and to note issues beyond the amount approved by the American Government are waived and abandoned; but, on the other hand, the bank secures the confirmation, without further litigation, of important privileges. The circulation to be allowed is twice the amount of the capital of the bank—2,400,000 pesos, representing the capital and surplus of the bank, and 600,000 pesos, to be secured by the deposit of approved bonds and stocks. In case the bank increases its capital and surplus, the circulation may be increased to a maximum not exceeding 9,000,000 pesos ($4,500,000).

This maximum can only be attained when the capital and surplus of the bank have reached an equal amount, and this circulation is to be taxed at the rate of one-half of one per cent. per year, as in the case of bank notes issued in the United States upon two per cent. bonds. Circulation based upon securities will be taxed at the rate of one per cent. per year.

The provisions of the original charter of the bank, which made the government practically a partner in the enterprise and authorized the governor general to appoint the governor of the bank, have been waived by the government of the Philippine Islands.

The provision for a loan without interest by the bank to the treasurer has also been waived. While the government has reserved the right to incorporate other banks of issue, it is provided that no such bank shall be incorporated hereafter with a capital and surplus of less than 2,000,000 pesos. The notes of the bank from January 1 are to constitute a preferred lien on its assets, and will be issued through the Bureau of Insular Affairs of the War Department, with the same character and appearance as the currency of the United States.

The government, while relinquishing direct interference in the affairs of the bank, reserves the right to subject it to such examination and visitation as are exercised over national banks in the United States.

The notes of the bank are to be received for public dues so long as they are paid in lawful money on demand, and the bank is to be made a public depository subject to the discretion of the Government of the Philippine Islands.

The agreement, by putting an end to the uncertainty regarding the legal status of the bank, will at once benefit the bank and terminate a controversy which might have dragged on for many years through the courts of the islands."

—The First National Bank of Ludington, Mich., recently moved into its new three-story building, which is built of Bedford stone and buff pressed brick, and is very attractive. The main banking-room is 32 by 45 feet with an annex for directors and customers, all elegantly appointed. The new vaults are equipped with modern safe-deposit boxes and are protected by an electric burglar alarm system and other approved safety devices.

This is the only national bank in the county. Its capital is $100,000, surplus and undivided profits, $35,000, and deposits $725,000. Following are the officers: President, Geo. N. Stray; vice-president, James Foley; cashier, W. L. Hammond; assistant cashier, A. D. Woodward.

PACIFIC SLOPE.

—Returns from the Seattle Assay Office for the fiscal year ended June 30 show receipts of gold totaling $22,977,604.79. These figures are an increase of $1,270,438 over the best previous year, which was 1901. The Seattle Assay Office is now second to New York's in the volume of gold received. The source of the Seattle receipts is chiefly, of course, the Alaskan fields, and last year's would have been larger if it had not been for the labor troubles in the Tanana district. Under normal conditions the output of this region would have been $12,000,000, whereas it was actually $3,000,000. The gold fields of Alaska have produced in the nine years since the first active exploitation of the country, approximately $140,000,000.

—William C. Ralston was appointed Assistant United States Treasurer at San Francisco on July 9.

—At the recent annual convention of the Washington Bankers' Association, Secretary P. C. Kauffman made the following report on the growth in the membership:

"It affords me the greatest pleasure in being able to open this report with the statement that the growth of the membership of your association has been continuous, and to-day far exceeds any previous period in its history. At the Tacoma convention last year, we reported a total membership of 242—ninety-four per cent. of the banks doing business in the state. During the past year your secretary has been untiring in his labors to keep up this percentage. Many new banks organized, and they were immediately solicited to ally themselves with the association, by repeated letters; and to-day he is much gratified to report that notwithstanding the loss of five members enrolled last year by withdrawal, consolidation or failure, the association has the highest membership list in its history, viz., 277—ninety-seven per cent. of all the banks doing business in the state, and making the fourth successive year in which the Washington Bankers' Association has led all state associations in the percentage of its membership.

There were but two failures during the year, and both of these but small institutions, whose passing away caused scarcely a ripple even in their own community.

The following table shows our annual membership, and increase since the organization in 1900:

	Number of Members.	Net Gain.
1900	49	—
1901	71	22
1902	101	30
1903	132	31
1904	163	38
1905	206	56
1906	242	46
1907	277	40

You will see that we have to-day practically every bank in the state enrolled in our membership list. This result was only obtained by making the banks see that the association was doing something for them, and that they could not afford to be on the outside."

—Following are the officers of the Washington Bankers' Association, elected at the recent annual convention held at Spokane: W. D. Vincent, president, cashier Old National Bank, Spokane; W. L. Adams, vice-president, president First National Bank, Hoquiam; John H. Smithson, treasurer, president Washington State Bank, Ellensburg; P. C. Kauffman, secretary, 2d vice-president Fidelity Trust Co., Tacoma. Executive Council: N. H. Latimer, Seattle, chairman; A. F. Albertson, Tacoma; W. L. Steinweg, North Yakima; J. K. McCormack, Palouse; N. B. Hannay, Mt. Vernon.

The delegates to the Atlantic City convention of the American Bankers' Association are: N. B. Coffman, president Coffman, Dobson & Co., Chehalis; Geo. S. Brooke, president Fidelity National Bank, Spokane; L. L. Work, president Commercial Bank, Conconully; Victor H. Roeder, president Bellingham National Bank, Bellingham; C. W. Winter, cashier Bank of Colville, Colville, Wash.

—The annual convention of the Montana Bankers' Association was held at Livingston, August 14 and 15, the programme including the following:

Address of welcome, D. A. McCaw, assistant cashier National Park Bank, Livingston; response, L. Q. Skelton, cashier Bank of Boulder, Boulder; "Insurance of Deposits," Hon. T. E. Collins, State Bank Examiner of Montana; "Montana's Coal Supply," D. G. O'Shea, cashier Red Lodge State Bank, Red Lodge; address by the president, Hon. A. J. Bennett, president Madison State Bank, Virginia City, Montana; address, E. J. Bowman, vice-president Daly Bank and Trust Company, Anaconda; "The American Bankers' Money Order System," Newcomb Cleveland of Denver, Colorado; address, Hon. B. F. White, president Butte Commercial Bank, Butte, Montana, and the First National Bank, Dillon, Montana; "The Work of the Currency Commission," Arthur Reynolds, president Des Moines National Bank, Des Moines, Iowa.

The morning after the adjournment of the convention the delegates and visitors took the trip through the famous Yellowstone National Park, which is in close proximity to the convention city, Livingston.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

APPLICATIONS TO ORGANIZE NATIONAL BANKS APPROVED.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

First Nat. Bank, Swayzee, Ind.; by A. E. Curless, et al.

National Bank of Commerce, Portland, Oreg.; by W. C. Morris, et al.

Cabool National Bank, Cabool, Mo.; by Clark Dooley, et al.

First National Bank, Vergennes, Ill.; by J. H. Winkleman, et al.

First National Bank, Bloomfield, Ind.; by Cyrus E. Davis, et al.

First National Bank, Ozone Park, N. Y.; by H. E. Winne, et al.

Farmers' National Bank, Nashua, Ia.; by Geo. E. May, et al.

National Bank of Huron, Huron, S. D.; by C. E. Bryant, et al.

Peoples' National Bank, Abingdon, Va.; by H. H. Scott, et al.

Grange National Bank, of Lycoming County, Hughesville, Pa.; by G. B. Runyan, et al.

First National Bank, Athens, N. Y.; by Eugene Van Loan, et al.

First National Bank, Shousetown, Pa.; by J. M. Mealy, et al.

First National Bank, Palestine, Tex.; by C. E. Patton, et al.

Bronx National Bank, New York, N. Y.; by Geo. Reinhardt, et al.

First National Bank, Mineola, N. Y.; by D. D. Mallory, et al.

Cornish National Bank, Cornish, I. T.; by J. E. Williams, et al.

Albion National Bank, Albion, Ind.; by Chas. M. Clapp, et al.

Farmers and Merchants' National Bank, Petersburg, W. Va.; by Jno. G. Harman, et al.

Security National Bank, New York, N. Y.; by Jno. R. Sparrow, et al.

Citizens' National Bank, Oneonta, N. Y.; by F. H. Bresee, et al.

First National Bank, Vian, I. T.; by A. M. Young, et al.

First National Bank, Chateaugay, N. Y.; by B. C. Bert, et al.

National Bank, Ouray, Colo.; by Frank P. Tanner.

Peoples' National Bank, Hammond, N. Y.; by A. B. Chisholm, et al.

Albion National Bank, Albion, Ill.; by Sam A. Ziegler, et al.

First National Bank, Steelville, Mo.; by W. J. Underwood, et al.

Wayne National Bank, Cambridge City, Ind.; by Jno. K. Smith, et al.

McCook National Bank; McCook, Neb.; by P. Walsh, et al.

Bethel National Bank, Bethel, Conn.; by F. B. French, et al.

First National Bank, Goldfield, Nev; by Wm. Babcock, et al.

Pikesville National Bank, Pikesville, Md.; by R. Barton, Jr., et al.

Security National Bank, Cedar Falls, Ia.; by F. W. Paulger, et al.

Application for Conversion to National Banks Approved.

Hartwell Bank, Hartwell, Ga.; into Hartwell National Bank.

Farmers' Bank, Clay, Ky.; into Farmers' National Bank.

Bank of Granville, Oxford, N. C.; into National Bank of Granville.

Golden Valley State Bank, Beach, N. D.; into First National Bank.

Home Bank, Lexington, S. C.; into National Bank of Lexington.

Franklin County Bank, Connell, Wash.; into Connell National Bank.

National Banks Organized.

8763—First National Bank, Springdale, Ark.; capital, $25,000; Pres., C. G. Dodson; Vice-Pres., S. H. Slaughter; Cashier, J. P. Deaver; Asst. Cashier, Arthur Dyes.

8764—McDowell National Bank, Sharon, Pa.; capital, $150,000. Pres., A. McDowell; Vice-Pres., Fred W. Koehler; Cashier, H. B. McDowell.

8765—Henderson National Bank, Huntsville, Ala.; capital, $100,000; Pres., Fox Henderson; Vice-Pres., W. F. Garth; Cashier, J. Murphree; Asst. Cashier, J. R. Stevens.

8766—Norwood National Bank, Greenville, S. C.; capital, $125,000; Pres., J. W. Norwood; Vice-Pres., W. C. Cleveland; Cashier, A. L. Mills.

8767—Clovis National Bank, Clovis, N. M.; capital, $25,000; Pres., L. C. West; Cashier, I. W. Gray.

8768—First National Bank, Rialto, Cal.; capital, $25,000; Pres., E. D. Roberts; Vice-Pres's., Wm. Buxton and Thos. Moffatt; Cashier, W. P. Martin.

8769—First National Bank, Ochiltree, Tex.; capital, $30,000; Pres. Geo. F. Perry; Vice-Pres., Fred. M. Phelps; Cashier, W. S. Graves; Acting Asst. Cashier, Joe J. Cleveland, Jr.

8770—Commercial National Bank, Jefferson, Tex.; capital $50,000; Pres., W. J. Sedberry; Vice-Pres., W. P. Schluter; Cashier, S. K. McCallon.

8771—First National Bank, Pecos, Tex.; capital, $36,000; Pres., B. Blankenship; Vice-Pres's., J. Rooney and W. W. Camp; Cashier, T. H. Beauchamp.

8772—American National Bank, Asheville, N. C.; capital, $300,000; Pres., Jno. H. Carter; Vice-Pres's., C. J. Harris and E. Sluder; Cashier, R. M. Fitzpatrick.

8773—McVeytown National Bank, McVeytown, Pa.; capital, $25,000; Pres., W. P. Stevenson; Vice-Pres., Wm. M. Atkinson; Cashier, J. E. Rupert.

8774—Central National Bank, Denver, Colo.; capital, $200,000; Pres., B. F. Salzer; Vice-Pres., W. M. Marshall; Cashier, W. H. Trask.

8775—City National Bank, Altus, Okla.; capital, $25,000; Pres., A. C. Fagin; Vice-Pres's., C. Beach and Robt. E. Dunlap; Cashier, C. R. Donart.

8776—First National Bank, Gettysburg, S. D.; capital, $25,000; Pres., H. R. Dennis; Cashier, W. A. Combellick;

Conversion of Stockgrowers' State Bank.

8777—First National Bank, Westwood, N. J.; capital, $25,000; Pres., Robt. Lecouver; Vice-Pres., Wm. E. Holloway.

8778—Peoples' National Bank, Duncannon, Pa.; capital, $25,000; Pres., Chas. S. Boll; Vice-Pres., E. Jenkyn; Cashier, Geo. O. Matter.

8779—First National Bank, Milford, N. J.; capital, $25,000; Pres., W. E. Thomas; Vice-Pres., W. E. Holloway.

8780—Clyde National Bank, Clyde, Tex.; capital, $25,000; Pres., T. E. Powell. Vice-Pres's., J. M. Bryant and Fred. Lane; Cashier, C. A. Bowman.

8781—City National Bank, Huron, S. D.; capital, $50,000; Pres., E. L. Abel; Vice-Pres., Jno. F. Doherty; Cashier, E. H. Vance.

8782—Lakewood National Bank, Lakewood, N. M.; capital, $25,000; Pres., E. C. Cook; Vice-Pres., J. B. Roberts; Cashier, B. F. Pearman.

8783—First National Bank; Fredericksburg, Pa.; capital, $25,000; Pres., J. Swope; Cashier, A. H. Deck.

8784—First National Bank, Clovis, N. M.; capital, $35,000; Pres., R. C. Reid; Vice-Pres., B. D. Oldham; Cashier, W. A. Davis; Asst. Cashier, J. S. Edwards.

8785—First National Bank, Nappanee, Ind.; capital, $40,000; Pres., J. S. Walters; Cashier, J. H. Matchett.

8786—Arkansas National Bank, Fayetteville, Ark.; capital, $100,000; Pres., J. T. Hight; Vice-Pres., W. H. Morton; Cashier, A. L. Trent; Asst. Cashier, Guy Philips.

8787—First National Bank, Byers, Tex.; capital, $25,000; Pres., A. W. Byers; Vice-Pres's., E. E. Evans and R. L. Ligon Cashier, Leo. J. Curtis.

8788—First National Bank, Thomasville, N. C.; capital, $25,000; Pres., C. F. Lambeth; Vice-Pres., T. J. Finch; Cashier, A. H. Ragan.

8789—First National Bank, Chewelah, Wash.; capital, $25,000; Pres., C. W. Winter; Cashier, F. L. Reinbehl.

8790—First National Bank, Afton, I. T.; capital, $25,000; Pres., C. W. Lehuhard; Vice-Pres., M. A. Painter; Cashier, F. M. Reed; Conversion of Afton State Bank.

8791—First National Bank, Galax, Va.; capital, $25,000; Pres., T. L. Felts; Vice-Pres.; J. P. Carico; Cashier, W. W. Blair.

8792—First National Bank, Russell, Ky.; capital, $25,000; Press., J. D. Foster; Vice-Pres., W. H. Gilley; Cashier, R. L. Kinman; Asst. Cashier, Sallie B. Kinman.

8793—First National Bank, Lake George, N. Y.; capital, $25,000; Pres., G. C. Morris; Vice-Pres., A. B. Colvin; Cashier, R. E. Archibald.

8794—First National Bank, Islip, N. Y.; capital, $25,000; Pres., Benj. S. Raynor; Vice-Pres's., Chas. S. Daily and Geo. W. Weeks, Jr.; Cashier, H. C. Haff.

8795—First National Bank, Munhall, Pa.; capital, $50,000; Pres., Jno. G. Sibeus; Vice-Pres., I. Grossman and Jos. Tomosanyi, second Vice-Pres.; Cashier, Ed. Rott.

8796—Army National Bank, Fort Leavenworth, Kans.; capital, $25,000; Pres., A. A. Fenn; Vice-Pres., Hy. Jackson; Cashier, E. A. Kelly; Asst. Cashier, M. A. Przybylowicz.

8797—Creighton National Bank, Creighton, Neb.; capital, $25,000; Pres., Frank P. Berger; Conversion of Citizens' State Bank.

8798—First National Bank, Chico, Cal.; capital, $50,000; Pres., B. S. Kerns; Vice-Pres's., C. F. Reynolds and W. J. Miller; Cashier, A. H. Smith.

8799—Woodbine National Bank, Woodbine, Md.; capital, $25,000; Pres., B. B. Bennett; Vice-Pres., Jno. M. DeLashmutt, Jr.; Cashier, R. T. Gilsan.

8800—Boardwalk National Bank; Atlantic City, N. J.; capital, $200,000; Pres., Jno. C. Reed; Vice-Pres., S. W. Moore; Cashier, Wm. S. Clement.

8801—First National Bank, Crossville, Ill.; capital, $25,000; Pres., A. M. Stum; Vice-Pres., W. T. Cleveland; Cashier, R. P. Kinney.

8802—Gainesville National Bank, Gainesville, Fla.; capital, $100,000; Pres., T. W. Shands; Vice-Pres., Wm. R. Steckert; Cashier, C. A. Faircloth.

8803—First National Bank, Pleasanton, Kans.; capital, $25,000; Pres., A. J. Thomas; Vice-Pres., Harry Evans; Cashier, J. R. Holmes; Asst. Cashier, C. G. Doble.

8804—First National Bank, Dublin, Ind.; capital, $25,000; Pres., L. W. Cranor; Vice-Pres., J. W. Sparks; Cashier, J. C. New.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Demopolis—City Bank & Trust Co.; (successor to First National Bank); capital, $100,000; Pres. J. B. Minimether; Cashier, R. W. Wathington; Asst. Cashier, S. E. Selby.

Selma—Selma Trust & Savings Bank; capital, $100,000; Pres., E. C. Melvin; Vice-Pres., R. P. Anderson; Secy., R. P. Anderson; Asst. Secy., P. O. Thomas.

ARKANSAS.

Lincoln—Citizens' Bank; capital, $5,000; Pres., W. S. Moore; Vice-Pres., M. E. Small; Cashier, T. L. McCulloch.

Little Rock—American Bank (successor to Cornish & England); capital, $100,000; Pres., J. E. England; Vice-Pres., Ed. Cornish; Cashier, J. E. England, Jr.; Asst. Cashier, J. F. Walker.

Settlement—Settlement Bank; capital, $20,000; Pres., J. R. Arnold; Vice-Pres., E. E. Wilson; Cashier, T. N. Andrews.

CALIFORNIA.

Hemet—Farmers & Merchants' Bank; capital, $25,000; Pres., T. E. Rickard; Vice-Pres., J. E. Blackshaw; Cashier, S. W. Leffingwell; Asst. Cashier, H. R. Link.

La Jolla—Southern Trust & Savings Bank; Branch of San Diego.

Mill Valley—Bank of Mill Valley; capital, $25,000; Pres., F. F. Bostwick; Vice-Pres., F. A. Losh; Cashier, Chas. H. Huntoon.

Montaque—Montaque Banking Co.; capital, $25,000; Pres., Hy. L. Davis; Vice-Pres., E. Reichman; Cashier, A. Simon.

Oakland—Harbor Bank; capital, $100,000; Pres., F. W. Bilger; Vice-Pres., E. R. Tutt; Cashier, C. B. Mersereau.

San Diego—Southern Trust & Savings Bank; capital, $100,000; Pres., G. A. Davidson; Vice-Pres., Philip Morse; Cashier, E. O. Hodge; Asst. Cashier, A. B. Perkins.

Visalia—Citizens' Bank of Visalia; capital, $50,000; Pres., N. Levy; Vice-Pres., Adolph D. Sweet; Cashier, Simon Levy.

Winters—Citizens' Bank of Winters; capital, $30,000; Pres., R. Morrison; Vice-Pres., G. M. Chapman; Cashier, W. S. Baker.

COLORADO.

Denver—Broadway Bank (successor to South Denver Bank); capital $50,000; Pres., R. A. Handy; Vice-Pres., R. M. Handy; Cashier, G. Jones; Asst. Cashier, C. M. Hamilton.—Union Loan & Trust Corporation; capital, $10,000; Pres., C. N. Guyer; Vice-Pres., I. F. Keeping; Secy., E. C. Hanley; Treas., L. E. Hubbard.

Fraser—Fraser Valley Bank; capital, $10,000; Cashier, Frank N. Buggs.

Mead—Farmers & Merchants' Bank; Cashier, G. E. Young.

GEORGIA.

Bluffton—Bank of Bluffton; capital, $15,000; Pres., J. J. Haynes; Vice-Pres., W. T. Hammock; Cashier, C. T. Morton.

Brooks—Brooks Bank; capital, $15,000; Pres., Sam Boykin; Vice-Pres., A. Steinheimer; Cashier, Arthur Digby.

Chatsworth—Bank of Chatsworth; capital, $15,000; Pres., J. A. Sasser; Vice-Pres., S. M. Barnett.

Newman—Newman Clearing House; Pres., Chas. C. Parrott; Vice-Pres., B. T. Thompson; Secy. and Treas., Fred McSwain; Mgr., N. E. Powel.

Shady Dale—Bank of Shady Dale; capital, $25,000; Pres., C. S. Thompson; Vice-Pres., O. O. Banks; Cashier, G. A. Tucker.

IDAHO.

Kamiah—State Bank of Kamiah; capital, $10,000; Pres., M. R. Rawson; Vice-Pres., T. M. Davis; Cashier, Geo. H. Waterman; Asst. Cashier, C. H. Works.

Star—Farmers' Bank of Star; capital, $25,000; Pres., W. E. Pierce; Vice-Pres., M. S. Hughes; Cashier, J. E. Roberts.

ILLINOIS.

Alhambra—Citizens' State Bank; capital, $25,000; Pres., C. Tontz; Vice-Pres's., C. B. Munday and C. E. Harnsberger; Cashier, L. A. Schreiber.

Beckemeyer — Bank of Beckemeyer; Pres., Thos. E. Ford; Vice-Pres., Philip Schaefer; Cashier, F. C. Mahlaudt.

Cardiff—Bank of Cardiff; Pres. and Cashier, F. E. Ahern.

Cornell—Farmers' State Savings Bank (successor to Bank of Cornell); capital, $30,000; Pres., B. R. Johnson; Vice-Pres., W. J. Willman; Cashier, F. Johnson; Asst. Cashier, S. E. Johnson.

Leaf River—Leaf River State Bank (successsor to Leaf River Bank); capital, $25,000; Pres., F. L. Ayres; Vice-Pres., G. L. Wiley; Cashier, Hy. S. Wept.

Pinckneyville—Murphy-Wall State Bank & Trust Co. (successor to Murphy, Wall & Co.); capital, $100,000; Pres., W. K. Murphy; Vice-Pres., Jno. Boyd; Cashier, Jos. Crawford; Asst. Cashier, Chas. J. Bischof.

Wheeler—Bank of Commerce; Pres., D. B. Crews; Vice-Pres., J. Johnson, Jr., Cashier, C. E. Meislahn; Asst. Cashier, Beulah Crews.

INDIANA.

Jeffersonville—Citizens' Trust Co.; capital, $25,000; Pres., Jno. C. Zulauf; Vice-Pres., Jno. Rauschenberger; Secy. and Treas., Jno. D. Driscoll.

Liberty Centre—Liberty Centre Deposit Bank; capital, $25,000; Pres., F. W. Garrett; Vice-Pres., Jno. Raber; Cashier, I. E. Yelton.

Marengo—Bank of Marengo; capital, $10,000; Pres., Geo. S. Balthis; Cashier, D. Leichardt.

Marion—Grand State Bank; Pres., Robt. J. Spencer; Vice-Pres., Wm. H. Anderson; Cashier, Geo. L. Cole.

Sidney—Bank of Sidney; capital, $10,000; Pres., Isaac Scott; Vice-Pres., A. B. Palmer; Cashier, C. C. Miller.

Wakarusa—Citizens' Bank; capital, $10,000; Pres., S. Willard; Cashier, S. Willard; Asst. Cashier, Anna Willard.

INDIAN TERRITORY.

Albion—Bank of Albion; capital, $10,000; Pres., Jno. T. Bailey; Cashier, Hugh Swift.

Braggs—Farmers' State Bank; capital, $5,000; Pres., S. Garnett; Vice-Pres., E. B. Smith; Cashier, O. Hamilton.

Pocasset—Bank of Pocasset; capital, $5,000; Pres., E. E. Davidson; Vice-Pres., Lorenz Brau; Cashier, Jeff Potter.

Sapulpa—Creek Bank & Trust Co.; capital, $25,000; Pres., F. S. Westfall; Cashier, J. B. Westfall; Secy. and Treas., Ed. Bucher.

Skiatook—Oklahoma Banking Co.; capital, $10,000; Pres., S. G. Kennedy; Vice-Pres., W. B. Charles; Cashier, A. B. Laffoon.

IOWA.

Orchard—State Savings Bank; capital, $10,000; Pres., A. H. Shaffer; Vice-Pres., J. M. Roe; Cashier, E. O. Clapper.

KANSAS.

Fort Scott—Fort Scott State Bank; capital, $50,000; Pres., W. J. Moore; Vice-Pres., F. H. Foster; Cashier, Jno. H. Prichard.

Lost Springs—Lost Springs State Bank (successor to Lost Springs Bank); capital, $25,000; Pres., Geo. G. Shirk; Vice-Pres., O. L. Mowrer; Cashier, Jno. W. Bowlby.

Rosedale—Commercial State Bank; capital, $20,000; Pres., F. Holsinger; Vice-Pres., B. M. Barnett; Cashier, Jas. P. Burney.

KENTUCKY.

Bardstown—Farmers' Bank & Trust Co.; capital, $50,000; Pres., J. H.

Beam; Vice-Pres., A. B. Baldwin; Cashier, O. T. Trent.

Woodbury—Woodbury Deposit Bank; Pres., J. R. Ellis; Vice-Pres., J. C. Gibbs; Cashier, W. T. Hines.

LOUISIANA.

West Monroe—West Monroe State Bank; capital, $20,000; Pres., L. N. Larche; Vice-Pres., E. G. Calvert; Cashier, W. L. Stevens.

MICHIGAN.

North Star—Bank of North Star; Cashier, F. N. Selby; Asst. Cashier, A. D. Clark.

MINNESOTA.

Glenville—Glenville State Bank; capital, $10,000; Pres., C. Paulson; Vice-Pres., Robt. Anderson; Cashier, Lawrence Paulson; Asst. Cashier, C. P. Morrison.

Myrtle—First State Bank; capital, $10,000; Pres., S. T. Hanson; Cashier, E. E. Dunn.

Waubun—First State Bank; capital, $12,000; Pres., C. E. Lewis; Vice-Pres., M. Montgomery; Cashier, L. S. Waller; Asst. Cashier, Merten F. Baker.

MISSISSIPPI.

Greenville—Commercial Savings Bank; capital, $31,500; Pres., W. P. Kretschmar; Vice-Pres., H. Metcalfe; Cashier, R. H. Toombs.

MISSOURI.

Caruthers—Bank of Commerce; capital, $5,000; Pres., J. O. Michell; Cashier, O. S. Huntley.

Corning—Bank of Corning; capital, $15,000; Pres., F. W. Walker; Vice-Pres., J. A. Buck; Cashier, R. F. Buck; Asst. Cashier, J. D. Ahrens.

Farley—Farley State Bank; capital, $10,000; Pres., E. H. Niemann; Vice-Pres., W. H. H. Baker; Cashier, J. W. Farley.

NEBRASKA.

Brule—First State Bank; Pres., J. W. Welpton; Vice-Pres., H. Welpton; Cashier, F. N. Slawson; Asst. Cashier, F. O. Slawson.

Omaha—Real Estate Title & Trust Co. (successor to Chas. E. Williamson & Co.); capital, $86,500; Pres., Chas. E. Williamson.

Paul—Bank of Paul; capital, $5,000; Pres., H. H. Hanks; Vice-Pres., Peter Schmitz; Cashier, Bert A. Smith.

NEW YORK.

New York—P. W. Brooks & Co.—Watson & Kelley.

White Plains—Citizens' Bank; capital, $100,000; Pres., Geo. T. Burling; Vice-Pres., Wm. B. Tibbitts; Cashier, Hy. C. Williams.

NORTH CAROLINA.

Kinston—Chas. F. Dunn & Sons Bank; capital, $1,000; Pres. Chas. F. Dunn; Cashier, Chas. F. Dunn.

Saluda—Carolina State Bank; capital, $5,000; Pres. D. C. Barrow; Vice-Pres., E. D. Goelet; Cashier, H. B. Lane.

Winston-Salem—Forsyth Savings & Trust Co.; capital, $1,300; Pres., J. S. Hill; Vice-Pres., J. A. Blume; Cashier, F. M. Kennedy.

NORTH DAKOTA.

Almont—First State Bank; capital, $10,000; Pres., C. L. Timmerman; Vice-Pres., H. Rhyon; Cashier, C. H. Ricker.

Crosby—Security State Bank; capital, $12,000; Pres., J. C. Rousseau; Vice-Pres., W. D. McDonald; Cashier, R. W. Rousseau.

Enderlin—Citizens State Bank; capital, $25,000; Pres., H. Thorson; Vice-Pres., Jno. J. Gringe; Cashier, Jno. M. Thorson.

Hettinger—Security Bank; capital, $10,000; Pres., C. E. Batcheller; Vice-Pres., A. G. Newman; Cashier, F. Rhoda.

OKLAHOMA.

Lugert—Lugert State Bank; capital, $10,000; Pres., Chas. A. Huber; Vice-Pres., Jos. Huber; Cashier, Frank Davis.

Manitou—Citizens' Bank; capital, $10,000; Pres., J. S. Massey; Vice-Pres., L. Mathis; Cashier, J. J. Mathis.

SOUTH CAROLINA.

Hampton—Hampton Loan & Exchange Bank; capital, $15,000; Pres., T. H. Tuten; Vice-Pres., W. C. Mauldin; Cashier, R. O. Bowden.

SOUTH DAKOTA.

Lowry—Farmers' State Bank; capital, $5,000; Pres., Jno. Dahlgren; Vice-Pres., S. O. Overby; Cashier, Geo. H. Baker.

TENNESSEE.

Doyle—Commercial Bank; capital, $7,-500; Pres., W. McConnell; Vice-Pres., J. C. Dodson; Cashier, N. A. Berry.

TEXAS.

Azel—Farmers & Merchants' Bank; Pres., Geo. W. Riddle; Vice-Pres., Mark Wheeler; Cashier, L. A. Speer.

Cumby—Cumby State Bank; capital, $16,000; Pres., O. Smith; Vice-Pres., Y. O. McAdams; Cashier, Geo. W. Holland; Asst. Cashier, C. A. Bridgers.

Hasse—Merchants & Planters' Bank; capital, $10,000; Pres., W. R. Thompson; Cashier, C. Rhea.

Malakoff—Farmers & Merchants' Bank; capital, $10,000; Pres., Geo. W. Riddle; Cashier, Earl Wheeler.

Memphis—Citizens State Bank; capital, $30,000; Pres., J. A. Bradford; Vice-Pres., J. W. Wilson; Cashier, W. B. Quigley.

Mercedes—Hidalgo County Bank; capital, $20,000; Pres., J. M. Johnson; Vice-Pres., S. P. Silver; Cashier, J. M. Johnson, Jr.

Newton—Newton County Bank; capital, $10,000; Pres., Geo. W. Riddle; Vice-Pres., L. P. Atmar; Cashier, J. S. Peters.

Pearsall—Peoples' State Bank; capital, $50,000; Pres., M. Maney; Vice-Pres., J. D. Oppenheimer; Cashier, C. E. Duller; Asst. Cashier, S. W. Thomas.

Sherwood—First State Bank; capital, $10,000; Pres., F. Tankersley; Vice-Pres., R. L. Dameron; Cashier, M. J. Norrell.

Smithville—First State Bank (successor to Bank of Smithville) capital $50,000; Pres., M. Burleson; Vice-Pres., E. Buescher; Cashier, M. L. Tansey; Asst. Cashier, R. J. Saunders.

Tulia—Tulia Bank & Trust Co.; capital, $50,000; Pres., W. B. Hall; Vice-Pres., Wm. Ward; Cashier, J. M. Oakes.

Wheelder—Farmers' State Bank (successor to Farmers' Bank); capital, $25,-000; Pres., G. C. E. Vaughan; Vice-Pres., R. D. Miller; Cashier, Sam. H. Vaughan.

Zephyr—First State Bank; capital, $25,000; Pres., O. D. Couch; Vice-Pres., Peter Wolf; Cashier, J. W. Hewitt.

VIRGINIA.

Farmville—Citizens' State Bank; capital, $10,000; Pres., E. S. Martin; Vice-Pres., Geo. M. Serpell; Cashier, F. W. Hubbard.

WASHINGTON.

Arlington—Citizens' State Bank; capital, $15,000; Pres., J. B. Riley; Vice-Pres., O. Grannud; Cashier, O. E. Eckern.

Clarkston—State Bank of Clarkston (successor to Bank of Clarkston); capital, $15,000; Pres., F. M. Henkly; Vice-Pres., G. Holbrook; Cashier, E. A. Bass.

Granite Falls—Granite Falls State Bank (successor to Commercial Bank of Snohomish County); capital, $15,000; Pres., B. E. Chappell; Vice-Pres., Jas. Sobey; Cashier, J. G. Ingersoll.

Lynden—Lynden State Bank (successor to Citizens' Bank); capital, $25,000; Pres., A. L. Swim; Vice-Pres., E. Edson; Cashier, G. S. Aldrich.

Omak—Omak State Bank; capital, $15,-000; Pres., J. Poque; Vice-Pres., Wm. G. Tait; Mgr., Wm. G. Tait.

Tenino—State Bank of Tenino; capital, $10,000; Pres., I. Blumauer; Vice-Pres., T. F. Mentzer; Cashier, W. Dean Hays; Asst. Cashier, David Copping.

Woodland—Woodland State Bank; capital, $10,000; Pres., Philip McConnell; Vice-Pres., C. H. Chapman; Cashier, L. G. McConnell.

WISCONSIN.

Eland—Eland State Bank; capital, $15,-000; Pres., A. J. Plowman; Vice-Pres.,

A. J. Smith; Cashier, Jno. H. Walechka.

Waterford—Nolls Bank; capital, $25,000; Pres., L. Noll, Sr.; Vice-Pres., Chas. H. Noll; Cashier, L. L. Noll.

ONTARIO.

Cambellcroft—Bank of Toronto; Mgr., A. Boultbee.

Ottawa—Dominion Bank; Mgr. C. E. Thomas.

CHANGES IN OFFICERS, CAPITAL, ETC.

ARKANSAS.

Arkadelphia—Citizens' Bank & Trust Co. (successor to Citizens' Bank); E. W. McCorkle, Secy.

Fort Smith—American National Bank; T. W. M. Boone, Pres., in place of W. R. Abbott, deceased; Jos. M. Sprawlding, Vice-Pres., in place of Chas. D. Mowen.

Jonesboro—American Trust Co.; B. H. Berger; Vice-Pres.

Pine Bluff—Cotton Belt Savings & Trust Co.; J. E. Boyce, Pres., in place of R. M. Galbraith, resigned.

CALIFORNIA.

San Francisco—Mercantile Trust Co.; Norman D. Rideout, Pres., deceased.—Swiss-American Bank; T. C. Tognazzini, Vice-Pres.; Otto Ottesen, Asst. Cashier.

San Jacinto—First National Bank; A. G. Hubbard, Pres., in place of E. H. Spoor; A. Domenigoni, Vice-Pres.

Sierra Madre—First National Bank; H. G. Flint, Cashier, in place of H. I. Thomas.

COLORADO.

Akron—First National Bank; A. Mitchell, Cashier, in place of P. J. Mullin.

Boulder—First National Bank; W. H. Allison, Pres., in place of A. J. Mackey; C. H. Cheney, Cashier, in place of W. H. Allison; L. C. Allison, Asst. Cashier, in place of Chas. H. Cheney; L. J. Moulton, second Asst. Cashier.

Buena Vista—First National Bank; Geo. C. Wallace, Vice-Pres.; J. M. Bonney, Cashier.

CONNECTICUT.

Bristol—Bristol National Bank; C. T. Treadway, Pres., in place of E. B. Dunbar, deceased; W. A. Ingraham, Vice-Pres., in place of Chas. T. Treadway.

Middletown—Middletown National Bank; Wm. W. Wilcox, Vice-Pres., in place of Hy. Woodward.

New Haven—Second National Bank; James S. Hemingway, Second Vice-Pres.

Ridgefield—First National Bank; A. V. Davis, Cashier, in place of D. S. Sholes.—Ridgefield Savings Bank; D. S. Sholes, Pres., deceased.

FLORIDA.

Alachua—Bank of Alachua; W. J. Galloway, Asst. Cashier.

Miami—Bank of Bay Biscayne; Jos. A. McDonald.

GEORGIA.

Acworth—S. Lemon Banking Co.; O. Awtrey, Pres.; Jas. W. McMillan, Vice-Pres.

Atlanta—Lowry National Bank; capital increased from $500,000 to $800,000.

Fitzgerald—Citizens' Bank; J. H. Goodwin, Vice-Pres.; J. H. Harris, Cashier.

Fort Gaines—First National Bank; W. A. McAlester, Pres., in place of A. L. Foster; I. P. Chambers, Vice-Pres., in place of W. A. McAlester.

Marietta—Marietta Trust & Banking Co.; J. D. Malone, Pres.; A. H. Gilbert, Vice-Pres.

Thomasville — Thomasville National Bank; title changed to First National Bank.

Union Point—National Bank of Union Point; H. Lamb, Pres., in place of R. F. Bryan; R. F. Bryan, Cashier, in place of J. T. Hollis.

IDAHO.

Coeur d'Alene—First National Bank; F. W. Tinkel, Asst. Cashier.

Soldier—Camas Prairie State Bank; Frank Housman, Vice-Pres., in place of J. J. Plummer; L. R. Hastings, Asst. Cashier.

ILLINOIS.

Chicago—Chicago National Bank; F. D. Meachum, Pres., in place of A. G. Becker; J. J. McCarthy, Vice-Pres.—Chicago Savings Bank & Trust Co.; Ralph C. Otis, Pres., in place of Geo. Webster, resigned.—Colonial Trust & Savings Bank; L. C. Rose, Vice-Pres., in place of S. B. Thomas, resigned.

Dixon—Dixon National Bank; A. P. Armington, Cashier, in place of C. H. Hughes; M. R. Forsyth, Asst. Cashier, in place of A. P. Armington.

Harvey—First National Bank; Wm. D. Rogers; Vice-Pres., in place of F. A. Braley, resigned; Wm. E. Powers, second Vice-Pres., in place of W. D. Rogers.

Kewanee—First National Bank; Geo. Armstrong, Vice-Pres., in place of M. C. Quinn.

Mt. Carmel—First National Bank; P. J. Kolb, Vice-Pres., in place of S. R. Putnam.

Mulberry Grove—First National Bank; J. P. Lilligh, Pres., in place of R. H. Osborne; no Vice-Pres., in place of J. P. Lilligh; E. J. Stauffer, Cashier, in place of L. B. Osborne; no. Asst. Cashier, in place of E. J. Stauffer.

Murphysboro—First National Bank; W. Wall, Pres., in place of W. K. Murphy; F. B. Hall, Cashier, in place of W. Wall; no Asst. Cashier, in place of F. B. Hall.

Taylorville—First National Bank; W. W. Calloway; second Asst. Cashier.

West Frankfort—First National Bank; J. M. Willmore, Vice-Pres., in place of W. W. Williams; C. A. Auten, Asst. Cashier, in place of J. M. Willmore.

INDIANA.

Farmland—First National Bank; J. G. Bly, Asst. Cashier, in place of W. A. Wood.

Lowell—Lowell National Bank; P. A. Berg, Cashier.

Medaryville—Medaryville Bank; title changed to Medaryville State Bank.

Mount Vernon—First National Bank; J. W. Turner, Cashier, in place of M. Cronbach; E. Page, Asst. Cashier, in place of S. J. Williams—Mount Vernon National Bank; Geo. H. Eggers, Asst. Cashier.

Rushville—Rush County National Bank; L. M. Sexton, Cashier, in place of E. D. Pugh; J. M. Pugh, Asst. Cashier, in place of L. M. Sexton.

Seymour—First National Bank; Chas. H. Cordes, Pres., in place of J. H. Andrews, deceased; J. H. Andrews, formerly J. H. Andrews, Jr., Cashier.

INDIAN TERRITORY.

Mildrow—First National Bank; R. W. Hines, Pres., in place of I. H. Nakdimen, resigned; L. C. Moore, Vice-Pres., R. O. Turner, Cashier, in place of J. H. Baker, resigned.

Ryan—First National Bank; M. M. Kern, Pres., in place of J. R. Ralls.

Stratford—First National Bank; Jas. M. Baylees, Pres., in place of J. M. Bayless, deceased.

Talihina—First National Bank; S. L. Chowning, Cashier, in place of Arthur Bailey.

Yeager—Farmers' Bank; W. J. Smith, Pres.

IOWA.

Blanchard—Inter-State Savings Bank; B. W. Steel, Vice-Pres.; R. S. Dix, Cashier, in place of C. E. Morrow, resigned.

Duncumbe—Bank of Duncumbe; G. F. Latta, Pres., deceased.

Hillsboro—Hillsboro Savings Bank; P. A. Blackford, Cashier, in place of F. A. Spiers.

La Motte—German-American Savings Bank; M. Mahoney; Pres., Jno. S. Fritz, Vice-Pres.

Marshalltown—First National Bank; D. T. Denmead, Pres., in place of J. P. Woodbury.

Riverside—Citizens' Savings Bank; G. F. Wieland, Pres., A. Yeggy, Vice-Pres.

KANSAS.

Erie—Allen State Bank; F. M. Osburn, Cashier.

Garden City—Garden City National Bank; S. C. Rosencrans, Cashier, in place of H. G. Doddridge.

Topeka—Citizens State Bank; W. S. Woods, Pres., in place of P. Smith; W. S. Bergundthal, Cashier, in place of E. S. Gresser.

KENTUCKY.

Owensboro—Eagle Bank; W. E. McDonald, Asst. Cashier, in place of E. W. Moore.

Princeton—First National Bank; E. Garrett, Pres., in place of R. B. Ratliff; R. M. Pool, Cashier, in place of E. Garrett; L. G. Cox, Asst. Cashier, in place of R. M. Pool.

Williamsburg—First National Bank; Chas. H. Martin, Asst. Cashier, in place of J. B. Fish, deceased.

LOUISIANA.

Franklintown—Bank of Franklintown; H. B. Magee, Vice-Pres.

New Orleans—Whitney Central National Bank; I. E. Wight, Vice-Pres., in place of Pearl Wight.

Sunset—Bank of Sunset; E. V. Barry, Vice-Pres.

MASSACHUSETTS.

Boston—National Security Bank; A. E. Gladwin, Cashier, in place of Chas. S. Osgood, deceased; no. Asst. Cashier. in place of A. E. Gladwin.—People's National Bank of Roxbury; A. J. Foster, Pres., in place of S. B. Hopkins, deceased.

MICHIGAN.

Fowlerville—State Commercial & Savings Bank; title changed to State Bank.

Ionia—Page & Co.; consolidated with State Savings Bank, under latter title.

Ithaca—Ithaca National Bank; Hy. McCormack, second Vice-Pres., in place of C. H. Rowland, deceased.

MINNESOTA.

Detroit—First National Bank; C. Wackman, Vice-Pres., in place of J. K. Cummings.

Elbow Lake—First National Bank; H. Hillmond, Vice-Pres., in place of Wm. Moses.

Elk River—Bank of Elk River; Chas. M. Babcock, Pres.; J. de'Booy, Vice-Pres.

Lake Park—First National Bank; O. C. Hage, Cashier, in place of J. E. Bakke; E. M. Bjorge, Asst. Cashier, in place of O. C. Hage.

Mahnomen—First National Bank; T. H. Frazer, Vice-Pres., in place of E. S. Lee.

Minneapolis—Central Avenue Bank; title changed to Central State Bank.—Security National Bank; S. H. Bezoier, Asst. Cashier.

Okabena—First State Bank; P. W. Blackert, Pres.; F. C. Ahrens, Vice-Pres., in place of J. W. Daubney, resigned.

St. Hilaire—First State Bank; C. L. Hansen, Pres., in place of J. K. Hannay.

Worthington—Citizens' National Bank; S. M. Stewart, Cashier, in place of C. T. Tupper; K. V. Mitchell, Asst. Cashier, in place of O. W. Tupper.

MISSISSIPPI.

Utica—Bank of Utica; W. D. Carmichael, Pres., in place of W. J. Ferguson, resigned; W. B. Powell, Vice-Pres.; T. A. Marshall, Cashier.

MISSOURI.

Fayette—Payne & Williams Bank, title changed to Fayette Bank.

Gallatin—First National Bank; L. M. Brown, Cashier, in place of J. E. Scott.

Joplin—Miners' Bank; Jno. F. Wise, Pres., in place of Thos. Connor, deceased.

Pickering—Bank of Pickering; capital increased from $5,000 to $10,000.

Schley—Farmers' State Bank; Geo. Dukes, Vice-Pres., A. E. Burton, Cashier.

MONTANA.

Columbus—Columbus State Bank; P. Moss, Pres.; W. Lee Mains, Vice-Pres.

NEBRASKA.

Clarkson—Clarkson State Bank; E. R. Dudek, Asst. Cashier.

Cozad—First National Bank; R. G. Hughes, Asst. Cashier.

Creighton—Creighton National Bank; J. F. Green, Vice-Pres.; T. P. Berger, Cashier; J. W. Bingenheimer, Asst. Cashier.

Humphrey—Ottis & Murphy; Pres., H. A. Clarke; Vice-Pres., M. Brugger; Cashier, F. H. Tieskoetter.

Lincoln—First National Bank; W. B. Ryons and P. R. Easterday, Asst. Cashiers.

McCool Junction—Blue River Bank; capital increased from $7,500 to $15,-000.

NEW JERSEY.

Hackensack — Hackensack National Bank; no Vice-Pres., in place of M. E. Clarendon, deceased.

Milford—First National Bank; A. A. McLeod, Cashier.

Orange—Half Dime Savings Bank; Geo. Spottiswoode, Pres., in place of W. Freeman, deceased.

Roselle—First National Bank; N. P. Phelps, Cashier, in place of Hy. Wells.

Shield—First National Bank; Hy. Wells, Cashier, in place of W. L. Shield.

Westwood—First National Bank; T. E. Brown, Cashier.

Trenton—Trenton Trust & S. D. Co.; H. A. Smith, Cashier,

NEW MEXICO.

Alamogordo—W. R. Edison, Vice-Pres., in place of Wm. J. Bryson.

Nara Visa—First National Bank; J. C. Farley, Cashier, in place of J. R. Daughtry.

NEW YORK.

Chateaugay—Bank of Chateaugay; F. P. Kennedy, Cashier, in place of M. Warren, deceased; E. W. Powers, Asst. Cashier.

Jamaica—First National Bank; E. R. Couden and R. Van Siclen, Asst. Cashiers.

New York—Farmers' Loan & Trust Co.; Thos. J. Barnett, Vice-Pres.; S. Sloan, Jr., second Vice-Pres.; A. V. Heely, Secy.—Night & Day Bank; M. J. Perry, Vice-Pres.—Seaboard National Bank; L. N. De Vausney, Asst. Cashier, in place of J. H. Davis; O. M. Jefferds and J. C. Emory, Asst Cashiers.

Ossining—First National Bank; C. T. Young, second Vice-Pres.

Perry—Citizens' Bank, L. A. Macomber, Pres., in place of M. H. Olin.

Lexington—National Bank; R. L. Burkhead, Pres., in place of J. W. Noell; J. T. Williamson, Jr., Cashier, in place of R. L. Burkhead.

NORTH DAKOTA.

Blabon—Blabon State Bank; B. A. Cumming, Cashier, in place of E. J. Pepper.

Donnybrook—Donnybrook State Bank; J. C. Holbrook, Pres;. F. M. White, Vice-Pres.; E. A. Kranhold, Asst. Cashier.

Edinburg—State Bank of Edinburg, succeeded Merchants Bank.

Walcott—First State Bank; M. G. Myhre, Cashier, in place of M. E. Sletmoe, resigned.

OHIO.

Athens—Athens National Bank; H. D. Henry, Cashier and Vice-Pres., in place of J. D. Foster, Jr.; F. L. Alderman, Asst. Cashier.

Bowerston—First National Bank; Jas. A. McKean, Pres., in place of W. B. Penn; N. E. Clendennin, Vice-Pres., in place of J. A. McKean.

Bucyrus—Second National Bank; W. C. Kiess, Vice-Pres., in place of J. C. F. Hull; A. G. Stolz, Cashier, in place of J. C. F. Hull; no Ast. Cashier, in place of A. G. Stolz.

Chesterhill—First National Bank; F. L. Thomas, Asst. Cashier.

Cincinnati — Cincinnati Clearing-House; Casper Rowe, Pres., in place of C. B. Wright.

Franklin—Franklin National Bank; H. S. Conover, Vice-Pres., in place of F. Moery.

Montpelier—First National Bank; O. H. Bowen, Cashier, in place of A. C. Hauses.

Salem—First National Bank; F. R. Pow, Pres., in place of R. Pow; J. R. Vernon, Vice-Pres.; W. F. Church, Cashier, in place of F. R. Pow.

Toledo—Commercial Savings Bank Co.; title changed to Commercial Savings Bank & Trust Co.; capital, $200,000.

—National Bank of Commerce; W. W. Edwards, Vice-Pres., in place of S. O. Richardson, Jr.; R. B. Crane, Vice-Pres.

OKLAHOMA.

Granite—First National Bank; D. A. Belmore, Pres., in place of Geo. W. Briggs; M. A. Smith, Vice-Pres., in place of Eli Messmore; P. W. Raemer, Cashier, in place of J. Messmore.

Hollis—First National Bank; L. S. Noble, Pres., in place of R. A. Williams; J. D. Lindsey, Vice-Pres., in place of W. C. Pendergast; C. W. Gilliland, Cashier, in place of W. B. Groves.

Tecumseh—Tecumseh State Bank; succeeded Exchange Bank.

Temple—First National Bank; B. E. King, Cashier, in place of J. C. Post.

OREGON.

Salem—Salem State Bank; Geo. W. Eyre, Vice-Pres.; N. S. Page, second Asst. Cashier.

Vale—First National Bank; J. P. Houston, Asst. Cashier.

PENNSYLVANIA.

Bentleyville — Bentleyville National Bank; T. F. Wickerham, Cashier, in place of J. T. Neel; B. J. Duvall, Asst. Cashier, in place of J. W. Piersoll.

Braddock—Braddock Trust Co., successor to Union Nat. Bank; S. J. Banks, Jr., Secy. and Treas., in place of Geo. C. Watt.

Elizabethtown—Elizabethtown National Bank; Peter N. Rutt, Vice-Pres., in place of B. G. Graff.

Lock Haven—Clinton Trust & Safe Deposit Co.: title changed to Clinton Trust Co.

Peckville—Peckville National Bank; H. N. Barrett, Cashier, in place of F. G. Winter.

Pittsburg—Dollar Savings Bank; S. C. McCandless, Treas., in place of J. W. Flenniken, deceased.—Exchange National Bank; Calvin Wells, Vice-Pres.

Reynoldsville—Citizens' National Bank; J. W. Hunter, Cashier, in place of J. S. Howard; no Asst. Cashier, in place of J. W. Hunter.

Scenery Hill—First National Bank; C. E. Hill, Cashier, in place of G. M. Mitchell; S. W. Rogers, Asst. Cashier, in place of C. E. Hill.

Scranton—Dime Deposit & Discount Bank; Geo. B. Jermyn, Pres.; E. J. Lynett and H. G. Dunham, Vice-Pres's.

Titusville — Commercial Bank; Edw. Smith, Asst. Cashier.

Warren—Warren National Bank; F. E. Hertzel, Pres., in place of G. N. Parmlee, deceased; W. D. Hinckley, Vice-Pres., in place of F. E. Hertzel; Jerry Crary, Vice-Pres.

Williamsburg—First National Bank; J. A. Schwab, Pres., in place of David Shelly.

Williamsport—Cochran, Payne & McCormick; title changed to Cochran, McCormick & Cochran.

RHODE ISLAND.

Providence—United National Bank; Jno. D. Lewis, Vice-Pres.

SOUTH DAKOTA.

Chancellor—Chancellor State Bank; F. J. Muir, Vice-Pres.

Pukwana—Farmers' State Bank; M. A. Glass, Pres., in place of H. W. Henrichs.

Wessington Springs—First National Bank; E. B. Maris, Vice-Pres., in place of A. R. McConnell, A. P. Manning, Cashier, in place of E. B. Maris.

TEXAS.

Bellevue—First National Bank; L. B. Moore, Cashier, in place of H. D. Smith.

Dallas—Trust Co. of Dallas; title changed to Dallas Trust & Savings Bank.

Flatonia—First National Bank; no Vice-Pres., in place of M. Fernau, deceased.

Franklin—First National Bank; Jno. H. Lomax, Cashier, in place of G. H. Albers.

Granbury—City National Bank; Earle Doyle, Cashier, in place of D. F. Douglass.

Hondo—First National Bank; Horace Bradley, Asst. Cashier.

Jacksonville—First National Bank; O. A. Tunnell, Cashier, in place of J. M. Boles.

Leonard—First National Bank; J. P. Winder, Asst. Cashier.

Longview—First National Bank; no Pres. in place of J. W. Yates, deceased.

Nocona—Nocona National Bank; J. G. Clark, Cashier, in place of M. M. Kern; J. A. Addison, Asst. Cashier, in place of J. G. Clark.

Stratford—First National Bank; L. C. McCrory, Cashier, in place of F. W. Burger; no Asst. Cashier in place of L. C. McCrory.

Sulphur Springs—First National Bank; J. C. Mitchell, Asst. Cashier.

Whitney—Citizens' National Bank; R. C. Feagin, Cashier, in place of F. E. McLarty; J. N. Collier, Asst. Cashier, in place of R. C. Feagin.

VERMONT.

Chelsea—National Bank of Orange County; E. O. Tracy, Vice-Pres., in place of W. H. H. Hall, deceased.

VIRGINIA.

Buena Vista—People's Bank; D. S. Bromley, Cashier, in place of W. E. Williams, resigned.

Lebanon—Citizens' National Bank; title changed to First National Bank; V. B. Gilmer, Pres., in place of H. C. Stuart; T. A. Gilmer, Asst. Cashier, in place of G. H. Dickenson.

Lexington—People's National Bank; D. Welsh, Vice-Pres., in place of G. W. Offlighter.

WASHINGTON.

Brewster—Bank of Brewster; title changed to Citizens' State Bank.

WEST VIRGINIA.

Princeton—First National Bank; T. M. Fry, Cashier, in place of J. L. Harne.

WISCONSIN.

Balsam Lake—Polk County Bank; L. C. Perkins, Pres.

Kiel—State Bank of Kiel; H. S. Eldred, Pres., in place of Chas. Hines, deceased.

Sheboygan—Citizens' State Bank; Hy. Hillemann, Pres. and Cashier, deceased.

WYOMING.

Cody—Shoshone National Bank; F. E. Callister, Cashier, in place of R. E. Gleeson.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

COLORADO.

Ouray—Bank of Ouray closed.

FLORIDA.

Miami—Fort Dallas National Bank; placed in hands of receiver, July 5, 1907.

INDIANA.

Frankfort—Citizens' Bank; closed.

MARYLAND.

Baltimore—McKim & Co., placed in hands of receiver, July 9, 1907.

NEW YORK.

New York—W. L. Stow & Co.; placed in hands of receiver, April 15, 1907.

NORTH CAROLINA.

Asheville—Blue Ridge National Bank; in voluntary liquidation, July 1, 1907.

NORTH DAKOTA.

Edinburg—Merchants' Bank; closed.

Enderlin—First National Bank; in voluntary liquidation, July 1, 1907.

OHIO.

Toledo—National Bank of Toledo; in voluntary liquidation, June 30, 1907.

PENNSYLVANIA.

Boyerstown—Farmers' National Bank; in hands of receiver, July 20, 1907.

TENNESSEE.

Gallatin—People's National Bank; in hands of receiver, July 18, 1907.

THE

BANKERS' MAGAZINE

ELMER H. YOUNGMAN, Editor

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THE BANKERS' CONVENTION.

AN excellent programme has been prepared for the thirty-third annual convention of the American Bankers' Association, which will be held at Atlantic City, N. J., September 24, 25, 26 and 27.

On Thursday, September 26, practically the entire day will be devoted to the bank-note currency question. Hon. A. BARTON HEPBURN, ex-Comptroller of the Currency and now president of the Chase National Bank of New York, will make his report as Chairman of the Currency Commission appointed pursuant to action taken at last year's convention. This report will be followed by a discussion in which delegates are invited to participate. The Commission's report will be reviewed by Hon. CHARLES N. FOWLER, Chairman of the Banking and Currency Committee of the House of Representatives, who will also offer some suggestions of his own.

In giving such a prominent place on the programme to the currency question, and in separating it from the other work of the convention by setting aside a day for its consideration, the governing body of the American Bankers' Association has shown a proper appreciation of the importance of this subject. It is the duty of the banks to lead in the work of providing a bank-note currency that will be adequate to the country's needs, not with a view to increasing their own profits through the issue of notes, but for the purpose of furnishing the best facilities for carrying on the rapidly growing business of the country, thereby increasing the efficiency of the banks as servants of the commercial community.

The opportunity afforded for a full discussion of the Currency Commission's report may prove of great value. Some revision of the bill prepared by the Commission would, undoubtedly, be advisable. The graduated tax scheme is wholly unnecessary, and a provision ought to be inserted in the bill depriving future bond issues of availability as a basis for circulation. There are a few essential points that must not be sacrificed: a gold reserve of not less than twenty-five per cent. of the notes issued should be kept in the vaults of the issuing banks; a redemption system, through redemption agencies or the clearing-houses, must be provided; there should be a safety fund set aside from the present tax on circulation. If these simple requirements are kept in mind, there is no earthly reason (or celestial that we know of) why the existing banks—not a big central bank dominated by a clique—should not issue their credit notes to the extent of their paid-up capital with absolute safety. If the law were amended as pointed out, the banks could then give bank notes to those who found that form of credit more useful than checks, and the notes would be safer than the checks, for a check represents the credit of the individual borrower, while a bank note would be an obligation of the bank, secured by its capital, by a coin reserve, by a safety fund, and by the double liability of the shareholders of the issuing banks. Moreover, it must never be forgotten that there is no such thing as an "unsecured" bank note, for in addition to the forms of security enumerated above, a bank note is further secured by commercial paper; in other words, a bank does not give its notes away, but pays them out in exchange for the obligations of borrowers, and the notes therefore represent the assets of the bank and the borrower combined.

The American Bankers' Association should consider this bank-note question from the standpoint of enlightened statesmanship. Wise and effective action at Atlantic City will be of immense benefit to every legitimate business interest in the United States and will greatly enhance the popularity of the banking institutions.

WHATEVER vitality may remain in the movement for reforming the bank-note currency of the country seems to be in a fair way of being destroyed by the recent revival of proposals looking to the establishment of a central bank upon which shall be conferred a monopoly of the privilege of issuing notes. Those who are favoring the central bank project probably do not foresee the disaster to the cause of currency reform that is certain to ensue in consequence of their changing front and deserting the movement for granting to the existing banks the right to issue notes upon their general credit, but the cause of currency reform has not attained such strength that it can bear the loss of some of its most distinguished advocates without causing serious injury to the movement.

While undoubtedly a central banking institution properly organized and managed would be of great assistance in handling the receipts and disbursements of the Treasury and in regulating the money market and performing the functions of a bank of issue, it does not follow that many of these ends could not be equally well assured by an adaptation of the existing banking system to present-day requirements.

The great banks of Europe are continually held up for our admiration by those who advocate a central bank for the United States. It will be found, however, upon close examination of these institutions, that they are by no means so perfect as might be inferred from these encomiums. The Bank of England, for example, is being severely criticised by some of the leading financial and economic authorities of Great Britain, and even the much-lauded Bank of France, although an immense success as an issuer of notes, has not developed its check and deposit system to anything like the extent that the national banks have in the United States. The use of checks against deposits in Germany also has only recently required a legislative stimulus. In Scotland and Canada, where banking is freer, the check and deposit system has grown to a much greater extent than it has under the direction of either of these great central banking institutions.

The greatest benefit that would flow from the introduction of what is styled an asset currency would be in the greater power thus afforded to the banks for building up their deposits and thereby increasing the efficiency of their services to the business community, especially to small producers and dealers. A bank that could issue notes without first depositing a corresponding amount of bonds would be in a much better position to meet the wants of business men requiring temporary accommodations, and if the power to issue notes on their general credit were conferred upon existing banks they would then be able to add very largely to their deposit accounts.

If a central bank of issue were established the banks now doing business would probably be deprived of their right to issue circulation, and could get notes only by making a deposit of commercial paper with the central bank. While indirectly the small bank might reap a little profit from this transaction, the direct and greater profit would undoubtedly inure to the issuing bank. It is difficult to see just what *raison d'etre* there may be for this elaborate piece of financial machinery. We have had such an array of figures furnished us by the various authorities proving beyond all contention that asset notes issued by the national banks would be perfectly safe, that the establishment of a central bank can hardly be defended on the score of security. Nor would it be impossible to devise a system of redemption and reserves that would prevent inflation.

But even if it could be demonstrated that it is preferable to have a central bank to issue currency and act as a regulator of the money market instead of depending upon existing independent scattered banks to perform those functions, it does not follow that such an institution could be had. Many plausible arguments might be adduced to show that a limited monarchy or even a benevolent despotism is better than a republican form of government, but whoever would undertake to supplant our present form of government with any of these systems would have an up-hill job. But it would be child's play compared to the task of securing the assent of Congress to the introduction of a central bank into this country. That this is true is well known to every one conversant with public opinion in the United States.

PRESIDENT ROOSEVELT'S declaration of a determination upon the part of the Government to continue the prosecution of the high financiers who violate the laws will afford little comfort to those who may have been led to expect that the serious depression in the price of securities would induce the President to modify the vigorous policy he has been conducting. Those who have grown suddenly rich by the exploitation of the public are evidently so mentally obtuse that it is difficult for them to realize that there is such a thing as a disinterested devotion to right principles.

The conflict that is now going on, and of which the President through the accident of his position is for the time being the leader, really represents the eternal warfare that is continually taking place between the forces of good and evil, and while it is creditable to the President that he is determined to bring the rich violators of the law to justice, he could not, as a matter of fact, well do otherwise. The people of the United States have for themselves decided that the buccaneering style of finance shall cease. For the present the work of carrying out this determination is placed in the hands of Mr. ROOSEVELT, but should it be transferred to Governor HUGHES, Governor FOLK, Mr. BRYAN or any of the other leaders of public opinion, it will go on with unabated vigor. The legitimate and solid financial and commercial interests of the country, instead of being alarmed at the course taken by the President, understand very well that it is calculated in the long run to be of immense benefit to business generally.

There is, of course, some danger that zealous imitators of the President may, in their zeal to punish corporate wrong-doing, resort to policies that will be vindictive and will result in the destruction of confidence. But where there is actual wrong-doing there can be no hope of permanent relief until it is thoroughly rooted out.

The laws of moral progress seem to be as fixed as those governing the procession of the planets. Their processes may be slow, and sometimes, indeed, it may seem that they are inoperative. But whoever counts upon this as an assurance of immunity from being called to account for a disregard of these laws, will find himself mistaken.

It is idle to complain of the President's policy with respect to corporate malefactors. Though himself an honest and fearless leader, he is impelled onward by the resistless force of public opinion. Like "the moving waters at their priestlike task of pure ablution round earth's human shores," so this mighty tide of public opinion reaches everywhere with its irresistible cleansing power.

The people have at last realized their power. They may, at times, smarting under their outrages, use this power blindly, but in the end they will use it temperately and righteously. This is not mob government. It is government in accordance with the ideas of the founders of this Republic, but of which the people have long been deprived through their own apathy. Wherever the conduct of business enterprise has departed from sound principles, and has defied the laws enacted for the protection of the public, there will have to be a readjustment on a basis consistent with justice, and until that fact is realized and acquiesced in by those in charge of the vast corporate interests of the country, the present agitation will not cease. In fact, it can not cease until the causes which gave rise to it are removed.

ALTHOUGH the national banks of the United States have increased enormously both in size and numbers since the passage of the National Currency Act of 1863 and the amendment of the act and the change of its title to the National Bank Act in 1874, no serious attempt has been made to adapt the law to the change in the conditions of the country that have taken place since the original law was passed, over forty-four years ago. From time to time there has been some piecemeal legislation, and in the Act of March 14, 1900, a considerable departure was made in permitting national banks to organize with a minimum capital of $25,000 instead of $50,000, which had been the minimum up to the time named. This reduction of capital greatly stimulated the organization of national banks, and was undoubtedly beneficial in extending the national banking system to communities where the organization of a national bank would have been impracticable under the higher capital requirement. Whether this concession was a wise one, however, can not yet be determined until the smaller banks have stood the test of a financial crisis. Thus far the $25,000 banks have encountered only fair weather. Although there is no reason why a small bank should not be as carefully managed as a large one, the latter, as a rule, is stronger because of its greater resources and a wider distribution of its loans.

The national banks now represent such an important part of the country's financial machinery that their operations should be conducted under a law as nearly perfect as experience can devise. That the present National Bank Act is faulty in many of its details, can hardly be doubted. The method of issuing circulation, the redepositing of reserves, the system of examinations, the relation of the banks with the Treasury—these and many other matters urgently require attention.

It is possible that a thorough revision of the law could be had if the matter were first referred to the consideration of a commission to be appointed by the President, to be composed of the Comptroller of the Currency, the Chairman of the Banking and Currency Committee of the House, and of representatives of the leading banking and commercial organizations. Such a commission, if made up of men whose conclusions would command respect, would have more weight with Congress than the desultory and one-sided attempts heretofore made to secure legislation.

IN imposing a fine of $29,240,000 on the Standard Oil Company of Indiana for violating the anti-rebate law Judge Landis declared that the men who violate this law "wound society more deeply than does he who counterfeits the coin or steals letters from the mail." Unfortunately for the vindication of the wrongs inflicted on society in this particular instance, the law, at the time the offense was committed, did not permit the same punishment as would have been meted out to counterfeiters and letter-box thieves. This defect in the law has since been cured. Manifestly, the imposition of fines, however heavy, can not effectively check the violations of law on the part of wealthy corporations enjoying a monopoly in the sale or distribution of certain products or in the control of transportation lines. Any fines which such offenders against the law may be compelled to pay can be recovered by squeezing the public a little more.

The defense interposed by the Indiana corporation, which apparently is in reality the Standard Oil Company of New Jersey, was not of a character to command public sympathy. In fact, this corporation does not yet seem to realize the unshakable determination on the part of the people to compel respect for the laws even by the richest corporation in the country.

Although these violators of the law apparently feel no contrition for their misdeeds, it is humiliating to the American people that those who have been looked up to as financial leaders should be stigmatized as they were in the decision of Judge Landis.

It may be that the result of the Government's prosecution of these offenders will be to prevent their getting a tighter hold on the country's industries and financial institutions.

SOME of the holders of the four per cent. United States bonds on which interest ceased at the close of the last fiscal year, when the bonds were called for redemption or refunding, do not seem to be in a hurry to present the bonds at the Treasury to be exchanged for money. This has led at least one newspaper to conclude that here we have another illustration of the deep-laid plans of the "money power" to keep money out of circulation. The payment of the bonds would call for the disbursement from the Treasury of an amount of money equal to the face value of the redeemed securities, and the circulation would be increased to that extent. But, on the other hand, the redemption of the bonds would destroy the basis for a corresponding amount of national bank circulation; so that in withholding the bonds from redemption no contraction in the currency results, but rather the reverse. Moreover, the bonds can be used as security for Government funds placed on deposit with the banks. There is thus, conceivably, a profit to be derived from holding the four per cents. even after interest has ceased.

The above may or may not account for the failure of the holders of the matured securities to present them for payment. Paper currency, as is well known, when called for cancellation, will to a considerable extent remain outstanding indefinitely. Nearly $50,000,000 of the fractional currency issued during the Civil War still figures in the monthly statement of the public debt. Bonds, however, are hardly subject to the same vicissitudes as circulating notes of small denominations, and are much less liable to be overlooked, lost or destroyed.

On July 31 last the amount of the four per cents. of 1907 still outstanding was $12,456,950. It is not unlikely that a part of this sum may represent foreign holdings, and in the course of the mails the bonds may have been slow in reaching the Treasury; or it may be that some Pittsburgh millionaire may have the bonds among the trifling odds and ends in his safe-deposit box where they have escaped his attention.

THE dispatching of a fleet of battleships to the Pacific Coast, which has been decided on by the authorities at Washington, can not be viewed with satisfaction by those who desire the maintenance of cordial relations between the people of Japan and the United States. It may be, as announced, that the fleet goes to the Pacific merely in the course of ordinary routine, and to give the officers and crews the disciplinary training incident to the long voyage. But even if this were the purpose of the trip, it is unfortunate, at the present time, that the same end was not gained by a voyage in some direction where there would have been no possibility of friction.

In deciding to send a fleet to the Pacific the President has doubtless been guided by considerations of public safety. He knows the advantages of being ready, and if there were the slightest possibility of a war with Japan—which, happily, there is not—every patriotic American would applaud his action.

But to make a display of naval force at this time in Pacific waters seems very much like a menace to Japan. Even if it does not aggravate the situation, possibly to the extent of provoking war, it will cause the Japanese to distrust and dislike us.

Those who are familiar with conditions in Japan understand well enough that there is no wish in that country to engage in a war at the present time with any nation, much less with the United States. Furthermore, there are no questions pending between the two countries, or likely to arise, which can not readily be adjusted by peaceful means. To keep the people of the respective nations in an amicable frame of mind is, however, most important, but this can not be done by a display of naval force having the appearance of a menace.

Possibly the President may be acting in the light of information not possessed by the public; but if not, his course in this matter would seem to be ill-advised.

CANADA, it seems, also has a railway problem. The Railway Commission has ordered that a rate of two cents a mile be put into effect on the Grand Trunk between Montreal and Toronto. This order is opposed by the company, which has appealed to the Supreme Court of Canada. Until the matter is decided the rate ordered by the Commission will not be operative.

This seems to be the just and sensible way of settling controversies of this character, and it is hoped that some railway official will be found in this country with enough grit to maintain the rights of his stockholders, and who will stand up and make a square fight without heeding threats of repealing charters, or any other forms of coercion. The railways should be compelled to obey the laws; but until the courts have declared what the law is, there is no reason why a railway should yield to the threats of state executives. There is a fair and orderly means of settling all these controversies, and for the state authorities to resort to intimidation and coercion betrays a lack of confidence in the justness of their cause.

If, under the stimulus of the anti-corporation craze, any of the states show a disposition to treat the railways unfairly, it will in the end work substantial harm, and most of all to those communities where the need of railroad facilities is greatest.

The railroads, in accordance with the terms of the franchises granted them, have certain duties to perform towards the public, and they, like individuals, are bound to observe the laws. But there is an equal obligation upon the authorities to see that the railroads are protected in every right belonging to them under the law.

FOLLOWING the imposition of a heavy fine on one of the Standard Oil Company's subsidiary companies, Wall Street has again indulged in one of its occasional fits of hysteria, and it is estimated that within a week or so in August, stocks lost about $3,000,000,000 in price compared with the figures at which they had been ruling for some time.

It is again to be remarked that this tremendous decline took place without shaking any of the banks or other financial institutions, and that there were even no failures of brokerage concerns reported. This would seem to indicate that the banks are in a very strong position, and furthermore, from the slight attention paid to this rapid and tremendous slump, one might be warranted in inferring that the doings of Wall Street are hardly regarded with that degree of seriousness to which it believes itself entitled. In fact, the business interests of the country go on just the same, unmindful of whether stocks are going up or down in Wall Street. There are in reality two Wall Streets—the one which is engaged in alternately pushing stocks up and down, and attracts to itself by various methods a great deal of public attention; the other Wall Street is composed of the great banks, trust companies and bankers and is engaged in financing the solid commercial and industrial enterprises of the country and very little is seen about its transactions in the public prints, although its beneficial results are in no way comparable to the noisy section of the Street.

A fall in stocks of the magnitude recently reported leads to the inquiry whether the inflation of prices which has been helped on by the banks and by the operations of the Treasury in "coming to the relief of the money market" has not really been a hindrance to the solid prosperity of the country, inasmuch as to carry stocks at these inflated prices a larger amount of the country's banking credit has been withdrawn from more legitimate channels of trade and industry. In every season of prosperity a gradual rise of securities is legitimate and healthful, but the stock booming that has within the last few years been a prominent feature of the New York market is not altogether of this character. It would probably be just as well if the banks in the future would be a little less ready to lend their support to bull movements than they have been heretofore. This artificial boosting of prices always contains elements of danger, not to the stock market alone, but to every business interest of the country. While this time we seem to have escaped a catastrophe this does not argue that we shall be so fortunate next time. The alarm created by such marked falling off in prices is liable to affect the banks, and later on commercial interests would suffer also. The pouring out of Treasury funds at intervals by the Secretary encourages the banks and the speculators to boost prices up to the highest notch. So long as there are idle funds accumulating in the Treasury, and while the gentleman who may for the time being occupy the exalted position of Secretary continues to be anxious to make a reputation for himself as a financier, we may expect the business situation to be disturbed and the banks robbed of their spirit of self-reliance by the mischievous intermeddling of the Secretary of the Treasury with matters which, under a proper system, would be entirely outside his prerogatives.

AT the recent convention of the American Institute of Banking a paper was read by Mr. MILTON L. WICKS of the Bankers' Trust Company, of this city, favoring the examination of banks by examiners selected from among the bank clerks of the country, to take the place of those now appointed by the national and state authorities.

There is no doubt that many of the bank examiners who now get their positions as the result of political influence have not the requisite banking experience to qualify them for the proper discharge of their duties. A thorough examination of a bank, and one that will be of any real value not only in preventing violations of the law but in maintaining that standard of management which will tend to the highest degree of safety attainable, can be made only by one who has had practical bank training. If the national and state bank examiners were selected from among the bank clerks of the country we should doubtless soon witness a great improvement in the methods of examining banks, and the safety of these institutions would thus be greatly enhanced. There is no body of men in the country so well equipped to make these examinations as the clerks themselves. If the selection of examiners were made from among the bank clerks, and the present system of appointments through political influence were discontinued, the safety of banks might be increased to such an extent that we would hear little more of the movement of insuring bank deposits.

It is to be hoped that the suggestion made in the papers read by Mr. WICKS and by Mr. WAKEFIELD, of Minneapolis, will be taken up by the officials of the American Bankers' Association and pressed upon the attention of Congress. It would undoubtedly inure to the benefit of the bankers as well as the public at large if the examination of banks could be rescued from the contempt into which it has fallen, and there is probably no better way to bring about this result than by having examinations made by men who have a practical knowledge of the banking business.

ONE of the reports to be made at the coming convention of the American Bankers' Association that will be listened to with a great deal of interest will be that of Mr. E. D. HULBERT, Chairman of the Board of Trustees of the American Institute of Banking. The Institute was established primarily for the purpose of educating the bank clerks of the country, not merely in their routine bank work, but in the broader problems with which they are liable to be confronted when called on to occupy higher positions. If one may judge from the recent convention of the Institute held at Detroit, and also from the work carried on by the chapters from year to year, the Institute has more than met the expectation of its founders. This branch of the work carried on by the American Bankers' Association has already attained important proportions and promises in the near future to become the leading activity of the association.

Education that will fit the bank clerk for the better performance of his duties has been placed within the reach of all through the correspondence system of instruction carried on by the Institute, and more especially by the work done by the local chapters. The quality of many of the papers presented before the Institute will compare quite favorably with those read before the Convention of the American Bankers' Association or those of any of the state associations, while the inter-city debate at Detroit showed that the Institute has in its ranks some excellent speakers.

The American Institute of Banking is doing excellent work, and it will doubtless continue to receive the cordial support of the parent organization.

THE low price for British consols reported lately gives rise to some interesting speculations regarding the security of the circulation issued by the Bank of England. It is commonly assumed that circulating notes based upon a government debt are secured absolutely, but the steady depreciation in the price of British consols, as well as our own experience during the Civil War, shows this idea to be fallacious.

The outstanding circulation of the Bank of England on July 17 last was £53,044,155, of which £11,015,100 were secured by Government debt, £7,434,900 by other securities, and £34,594,155 by gold coin and bullion. No one can have the slightest doubt as to the security of Bank of England notes, but nevertheless it will be seen that a considerable part of the obligations lodged to secure these notes is subject to a greater degree of depression than is consistent with the proper safeguarding of the circulating notes of a bank.

Taken as a whole, there is probably no form of security for bank circulation, other than gold, which fluctuates in value so little as carefully-selected commercial paper, and this is besides a basis of such issues corresponding to the alterations in the volume of business—something that can not be said of government bonds or gold.

REGULATIONS for the issuing of corporation stocks and bonds have been adopted by the Public Service Commission of New York with a view to preventing overcapitalization.

The inflation of corporate capitalization has been detrimental to the public, to investors, and to the corporations themselves, and the attempt to check this evil will be watched with interest. Great care will have to be taken to prevent interference with the legitimate needs of the public service corporations. It may be expected that the views of some of the members of the commission will not coincide with those held by the financial experts representing the corporations, and it is not unlikely that disputes will arise which will call for the intervention of the courts.

From an investment standpoint a stricter supervision of the issue of corporate securities will be welcomed, provided it is not carried so far as to hamper the legitimate needs of the corporations for new capital. In time, no doubt, a system of regulation of corporate issues will be devised that will be fair to all parties concerned.

DESPITE the pessimistic tone in Wall Street, there is a confident feeling generally in mercantile circles. It is believed that the outlook for the fall and winter trade is exceedingly good.

Inconvenience may result as a consequence of the scarcity of money—or of capital or credit, but the general opinion seems to be that the country can endure a scarcity of this sort much better than it could a shortage of its staple products. Money will be found to harvest and market the crops, and when the demands for this purpose are satisfied, the idle money will be returned to New York where it can be used by Wall Street in gathering its annual wool crop.

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

VARIOUS THEORIES OF NOTE CIRCULATION.

AMONGST the various theories that have prevailed on this important subject, the following have been the most important:

First.—That all promissory notes designed to pass as money should be issued by the Government of the country in which they are intended to circulate.

Second.—That all circulating notes shall be issued under Government supervision, and be strictly secured by Government bonds.

Third.—That circulating notes may be issued by banks chartered by subordinate legislatures, and secured by bonds issued under authority of those legislatures, or by bonds of railways, or municipalities.

Fourth.—That circulating notes shall be issued by a central banking corporation having exclusive dealings with the Government, such notes being secured in part by the bonds of the Government, the whole of the remainder being secured by gold exclusively set apart in a department for the purpose, and all would be legal tender.

Fifth.—That notes may be issued by banks without any restriction, and subject only to the check imposed by daily redemption.

Sixth.—That bank notes may be issued by banks duly registered as such, having circulating powers to a certain amount fixed by law; and, in some cases, to an amount over and above this sum, provided that gold is held for the excess.

Seventh.—That banks duly organized under a general act, and subject to the provisions of such act, shall issue notes to the extent of their paid-up capital; such notes being by law a first lien upon all the assets and resources of the bank, and further secured by deposits of money with the Government as a special redemption fund.

All these systems have been tried in actual practice at one time or at another time, in one country or another country. Some of them have been found, after experience, utterly wanting, and no longer exist, such as the Third and Fifth. Others of them exist at the present day and furnish the circulating media of various countries in which they are established.

It is proposed to consider these systems in their order.

Government Note Issues.

The first theory, namely, that the Government of the country should be the only medium for the issue of circulating notes was thoroughly dis-

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* Continued from August number, page 206.

cussed in Canada both by the press and in Parliament about the year 1866, when, under the auspices of the Finance Minister of the day, it was proposed to abolish the issue of notes by the banks and to substitute for them the notes of the Government.

The banks of the country, with one exception, were opposed to the Government assuming this function. Amongst other things, they stated that it would be impossible to put an efficient check upon over-issues by the Government, should pressing necessities arise, for with every Government the law of self-preservation is paramount, and would override all other considerations.

Second, that such issues, if continued, would inevitably depreciate the value of the bills and unsettle every financial interest of the country.

At the very time when this theory was propounded in Canada, the notes of the Government of the United States were at a heavy discount. (It may be added that eleven years elapsed before they were worth par.) It was pointed out that repeated experience had shown that there was no limit to the depreciation of Government notes; that every Government currency then circulating in the world was at a discount, Italy and Russia being cited as examples; that such currencies in former days, though issued by governments which had proved perfectly stable in other respects, had fallen to such a discount as to be practically worthless.

Finally, the broad ground was taken that, though it was the undoubted function of the Government to stamp coin, and give authority to issue notes, the function of redemption was one that peculiarly pertained to bankers; that nothing is more easy than to issue bills; nothing more difficult than to maintain constant redemption of them. Moreover, the issuing of circulating bills should be, and would be, if healthy, closely connected with the daily operations of commerce, which is not in the sphere of government but of banking. It was pointed out that a government as a borrower of money is, in many respects, in the same position as an individual, or an ordinary corporation; that there is no charm about the organization called a government to make it safe under all circumstances; that a government may fail to meet its obligations, may compound with its creditors, and may actually compound on the composition, as Spain has done. A government, it was said, may repudiate its obligations altogether (as has been actually the case), and may have its obligations protested by millions, and not make the slightest effort to pay them.

Such were the reasons which had weight with the bankers and people of Canada at the time named, and induced them to organize opposition to the project of having all circulating bills issued by the Government of the day.

It is true that subsequently in Canada an act of Parliament was passed, authorizing the Government to issue one and two dollar bills for circulation, and also bills of large denominations not for circulation, but for the convenience of the banks in making settlements with each other; one provision of the act being that the banks should hold a certain percentage of their cash reserves in these notes. To this they submitted, seeing that the act required the Government to hold a large percentage of its issues in actual gold, and, in addition, to hold authorized debentures for the balance. This system is precisely that of the Bank of England. And to say truth, none of the dangers which were considered to be bound up with issues of the Government have transpired so far. Respecting this, however, two observations have to be made: first, that the system of Government issues in Canada for circulation is only a very partial one; and, secondly, that at times when large notes were presented for redemption by banks that needed gold for export, the bankers of the Government were willing to assist in meeting the demand. The system, indeed has never been very severely tried.

With regard to the United States, it is an undoubted fact that since the Federal Government resumed payment in specie—and it was more than twelve years after the war terminated that they did so—none of the evils foreshadowed in Canada as a consequence of Government issues have transpired. But it has to be said again, that the system of Government issues since the war has never been severely tested, and also that the Government, during the whole period, has been its own banker; always having stores of gold in possession, the product of over-sufficient taxes.

Moreover, whatever evils might be developed by a system under which the Government would be the sole issuer of circulating notes, such would, even under pressure, be much lessened when supplemented by a system of bank issues, as has been the case in the United States.

Had the agitation for a silver basis for Government issues been successful (and this momentous question, at one time, wholly depended on the uncertain issue of a Presidential election) it is certain that in such an event gold would have gone to a considerable premium, and the notes of the Government to a heavy discount. The trend of opinion, even in the United States, is in the direction of gradually withdrawing Government notes from actual circulation, and confining them to the issue of such gold *certificates* as are in use now in the larger centres, exchangeable for gold at the pleasure of the holder. But the idea of the whole issues of a country being that of the Government loses favor when examined in the light of events; and for this reason especially, if none others could be alleged, such issues cannot possibly correspond to the movements and requirements of commerce.

Bank Notes Secured by Government Bonds.

The second theory is that which prevails in the United States under the National Bank Act. Under this system all bank issues are secured by Government bonds. They are absolutely restricted to a certain percentage of the capital of each issuing bank; the total amount cannot be increased except by the establishment of new banks, there being no inducement for existing banks to increase their capital for the purpose of increased circulation.

Under this system, while the notes are perfectly secure so long as the bonds of the Government are good, they would depreciate if the bonds depreciated. Moreover, this system, like that of Government notes, has no correspondence with the inflowing and outflowing movements of commerce. The notes are never presented for redemption. They are far in excess of ordinary requirements at one time, and far below such requirements at another; the result being those heavy fluctuations in the rate of interest which have always distinguished the New York money market, and which bring about periodically severe financial crises.

The system, in its practical working, often leads to such a scarcity of currency in rural districts that business is almost reduced to a condition of barter. Moved by conditions such as these, strenuous endeavors have been made in the United States to bring about such modifications of the system as would ensure elasticity as well as security.

The third system prevailed in the United States before the establishment of the national bank system; but its defects were so great, and its abuses so constant, that it was abolished at the beginning of the Civil War without any resistance, and has never since sought to be rehabilitated.

Issues of the Bank of England.

The fourth is the system of the Bank of England. The notes of the Bank of England are legal tenders everywhere in England except at the counters of the Bank, where they are interchangeable for gold. For many generations, and up to the passing of Sir Robert Peel's Act, there was no statutory limit to the issue of the Bank of England notes. But there was a constant and never-ceasing restriction upon such issues by the necessity of redeeming them in gold. This restriction, however, ceased to operate during the period of the French Revolutionary War. Specie payments were then suspended and not resumed until some years after the war had closed.

At that time, as might be expected, gold went to a premium, which premium was disguised under the price per ounce of gold bullion; which was much higher when paid for in Bank of England notes than in gold coin. The discussions that took place in Parliament at this period with regard to the Bank of England issues and the price of gold display a most remarkable want of apprehension of the real bearings of the question on the part of eminent statesmen and members of Parliament. Although for years it was patent that a certain number of pounds of Bank of England notes would not buy nearly the same amount of commodities as the same amount of money in gold coin, it was strenuously denied by certain thinkers that the notes were at a discount. This might be deemed incredible, if the fact were not so well established. The premium, indeed, was never high; not more than fifteen or sixteen per cent., but guineas, which were the standard gold coin at the time, were perfectly well known to be worth about that much beyond Bank of England notes.†

But although specie payments were suspended, the supply of gold and silver in the country was jealously watched, and constant spasms of uneasiness passed over it, when, under Mr. Pitt's policy, heavy drains of specie took place for shipment to the Continent to subsidize the governments fighting against Napoleon.

The amount of discussion that took place on the subject of Bank of England notes up to the time of the passing of Sir Robert Peel's Act was simply enormous; but there scarcely appears during the whole of it a proper appreciation of the undoubted fact that it was these *abnormal drains of gold* that brought about the unusual condition that prevailed. Gold was at a premium; that was a solid fact, deny it who would; but no one seems to have imagined what was the true cause of it, namely, that gold was in abnormal demand *for purposes entirely unconnected with the ordinary operations of trade or finance.* It is perfectly evident to us, who had the experience of gold rising to a premium during the American Civil War, that if there had been no war with Napoleon, gold would never have risen to a premium, and that Bank of England notes, and all other paper money with them, would never have fallen to a discount.

This was the truth, however, that had to be learned by experience; for when war ceased, and the movements of finance became natural, gold gradually accumulated, and it became possible to resume payments in specie. The convertibility of the note had once more become a patent fact long before the passing of Sir Robert Peel's Act which was meant to ensure it.

But after the great panic of 1825 (brought about by extravagant speculations in foreign stocks, and the numerous failures of private banks which ensued), an opinion began to prevail that all revulsions and panics were attributable to the over-issue of notes by country banks and by the Bank of England. That this idea was fallacious a long course of subsequent events demonstrated. But it took such deep root in the public mind that at length, under Sir Robert Peel, legislation was carried through Parliament with regard to it.

The object of Sir Robert Peel and the party that acted with him was to abolish all issues throughout the Kingdom except the issues of the Bank of England; and further that the issues of the Bank of England should be absolutely upon a gold basis; so that for every five-pound note issued by the Bank five sovereigns should be held to redeem it. The theory was expressed in a sort of formula, that bank notes should fluctuate exactly as gold would fluctuate in case there were no bank notes at all.

† Had the notes been issued by the Government, it is probable that they would have fallen to the same extent as consols, viz., to about fifty per cent. discount. Consols were at 52 in 1803, as may be seen by a recent issue of the London "Times."

The framers of this theory and its upholders were not practical men, and did not see that if this theory were thoroughly carried out it would be far better not to have any bank notes at all. Why should any corporation, or even any government, go to the expense of printing bank notes and incur the risk of paying forged ones, if for every note issued there must be a corresponding amount of gold in the till? In that case, why not pay out the gold at once? Why not have a simple gold currency, and save the risk and expense of paper notes?

Under such a theory there is no possible object to be gained by issuing paper money; and it would be obviously more profitable not to use it. It never seems to have dawned upon these theorists that the very foundation and *raison d'etre* of paper money *is to economize the use of gold.*

Against this reasoning it may be urged that the bankers who were in favor of this currency measure were not mere theorists, but mostly London bankers of large experience, who thoroughly understood the subject they were treating of. This, however, is a mistake. London bankers they were, certainly, and men of the largest experience truly in some departments of banking. But it is a simple fact, that in the matter of the issue and redemption of circulation, they had no experience whatever. London bankers had given up issuing their own notes for nearly fifty years. Not one of them knew anything of the subject by his own practical experience; for not one of them in his lifetime had ever issued or redeemed a single note of his own.

In no department of finance is the maxim *"experientia docet"* more applicable than to that of circulation. Their answers, therefore, to the voluminous series of questions put to them were all the speculations of impractical theorists.

But even with these, when the idea was proposed to be applied to the Bank of England, and to require that the Bank should hold gold for every note it issued, an enormous, and what proved to be an insurmountable obstacle, loomed up. There was not enough gold in the country to meet this requirement. If even an attempt had been made to put it in operation, a tremendous disturbance of business and unparalled tightness of money would have ensued. In order to get such an amount of gold as that into the Bank of England, it would have been necessary to appeal to foreign countries; for it certainly could not have been spared in England. But it could not have been taken from foreign countries by force, it could only be got by selling abnormal amounts of consols abroad; or by making forced sales of British goods.

But even these resources would not have availed to a sufficient extent; for foreign governments would soon have put a stop to the drain of gold when they saw what was going on. It was an absolute necessity, therefore, for Sir Robert Peel to modify his theory to a large extent. The idea of compelling the Bank to hold gold for every note it issued was abandoned; and, as the Act finally passed, the governors were allowed to issue notes against the debt owing to them by the Government.

A considerable part of its issues, therefore, have never been represented by gold at all; and the currency theory broke down from the very moment it was attempted to carry it into practice.

But with regard to the remainder of its issues, Sir Robert thought he could contrive a machine which would work automatically and ensure the convertibility of the rest of the notes into gold under all circumstances; for under its operation the circulation would flow out and in exactly as if it were metallic.

This machine was the celebrated device of the separation of the issuing department of the Bank from the banking department.

All the notes of the Bank were to be issued by the issuing department, and only in exchange for gold. Gold was, of course, to be given for notes when demanded. The banking department could not get notes to do business with except by handing gold to the issuing department. Under this system it was concluded that there could be no possibility of an overissue, and that for the future there would be no more financial panics and revulsions.

But the Act went much further than to deal simply with the circulation of the Bank of England. There were large numbers of banks in England that regularly issued circulating notes. Some of these were private banks, some of them joint stock. It was intended by Sir Robert Peel to abolish the circulation of all these banks; for they, like the Bank of England, were blamed, though without reason, for overissuing, and thus assisting to bring about panics. But these banks of the country made such a strenuous resistance to the abolition of their notes that Sir Robert was compelled to consent to a modification of his scheme. After considerable discussion, which indicated on the part of Peel and his Government a singular want of apprehension of the real bearings of the subject (as contrasted with the views of practical men like the country bankers), a basis of restriction was agreed upon. The average circulation of the preceding three years was taken, which amount being duly registered, was fixed as the limit beyond which the country banks were not to extend their issues in future. Returns of the circulation of these banks were hereafter to be published in the "Gazette," and so they have been ever since, as well as in the London "Bankers' Magazine." It was provided also that in case a bank discontinued business, its circulating powers must lapse to the Bank of England.

The Scotch banks made even a more strenuous resistance than the country banks of England, and by their compactness and unity of action were able to bring strong pressure to bear upon the Government. It was finally agreed and embodied in law that the Scotch banks should continue to circulate bills as before to the extent of the average of the three preceding years; but with this important proviso, that they might circulate to any amount beyond that, provided they held gold to cover the extra amount. On this basis the issues of the banks in Scotland have continued ever since.

In Scotland, as in Canada, there is always an expansion of circulation during several months of the year. At that time it has been the custom of the Scotch banks to augment their stock of gold by the amount calculated to be required. Boxes of gold are regularly sent down from London to Scotland for the purpose; but it is a well known fact in banking circles that the boxes are, as a rule, never opened, and are returned to London exactly as they came when the period of expansion closes. It should be remembered, moreover, that the circulation of notes is very much larger in Scotland than in England owing to the fact that banks issue one pound notes.‡

All this legislation took place in the year 1844, or soon afterwards; and upon this basis the circulation of notes in England and Scotland has continued ever since. The notes of the Bank of England are issued to the extent of its holding of Government bonds and of its gold in possession. The English banks (those that circulate at all) issue up to the amount established by law. The Scotch banks to this latter amount with the addition of gold in hand to the excess.

But it is to be noted that the question of *securing* note issues seems to have been considered quite subordinate in importance to that of preventing what were thought to be overissues. As a matter of fact, the only notes of the Bank of England that are absolutely secured are those against which gold is held by the issue department. Government bonds are liable to heavy depreciation whenever war supervenes. For notes issued by English banks no special security is held at all. Note holders and depositors stand on precisely the same footing in respect of their claim upon the assets of the banks.

In the case of the Scotch banks there is even a more striking anomaly; for while supplies of gold are sent up to Scotland as a *basis* for extended issues, the gold is not constituted a special security for their extended issues. It forms a part of the general assets of the bank, and the depositors have just the same claim to it as these very notes.

But in fact the Act all throughout as respects Scotland is most inconsequent. To carry it to a logical conclusion, special issues of notes ought to have been directed for the excess; each of them stamped with the words "this note is secured by special deposit of gold." But the bankers of Scotland, shrewd men as they are, would never have consented to such discrimination against their ordinary issues.§

But the important question remains, viz., has that Act, or has it not, fulfilled one great purpose of its enactment, namely, the placing of the

‡ One of the fancies of the currency theorists had been that what they called the overissue of the Bank of England had arisen from its power to issue one pound notes. They were, therefore, abolished, very unwisely. One of the most singular features of the long discussion that took place at that period was that scarcely a single reference was made to the example of Scotland.

§ In making these observations it is not intended to cast the slightest doubt upon the security of bank notes in Great Britain. The notes are abundantly secure. But they are not secure by reason of the provisions of Sir Robert Peel's Act.

finances of country, as represented and controlled by banks, upon such a basis as would either prevent financial panics in the future, or, if they should recur, ensure that they should be of very limited extent?

A general idea prevailed that it would; which idea was founded upon a certain theory (which theory had the support of many eminent names) viz., that all panics being due to overtrading and speculation (as was universally acknowledged) and such overtrading and speculation being largely fostered, and helped (as they supposed) by the overissues of banks, if overissuing was stopped, overtrading and speculation must, perforce, be prevented or confined within such narrow limits that panics and revulsions would cease to trouble the land.

But alas for the vanity of human expectations! Within three years from the passing of the Act, a wave of panic swept over the country once more. And strange to say, it was found that the effect of the Act was to intensify the severity of the panic, and that the only recourse available to prevent the stoppage of the Bank of England itself, and with it a condition of universal bankruptcy, was to *suspend the operation of the Act!* When the alternative became pressing, shall the Bank Act be suspended, or shall the Bank of England itself suspend, theory gave way and common sense asserted itself. The Act *was* suspended by order in Council, and the wave of panic began to subside immediately.

Within a few months a normal condition of finance prevailed. But so inveterate is the force of tradition in English legislation that no thought seems to have arisen of revising the provisions of the Act. It came into force again; and again it was fondly hoped that peace and security would prevail. But the hopes of the theorists were again and again disappointed. After the lapse of ten years another period of overtrading and speculation set in, not in England only; and again it was evident that the Bank Act aggravated the pressure. The operation of the Act was accordingly suspended again; an experience that was repeated once more about twelve years afterwards.

All this demonstrated the truth of what the opponents of the Act contended, viz., that panics arise from other causes than overissues, that overissues, so-called, do not originate or help them, and that restricting issues will not prevent them; and that Sir Robert Peel's Act was nothing but a "fair weather" Act which would always have to be set aside when a storm arose. The fact is undoubted that after the Act was passed the course of commercial and financial affairs, and especially the waves of inflation and speculation, the fortunes and misfortunes of commercial houses and banks, proceeded exactly as they did before.

The Basis of Note Circulation in Canada.

The seventh of the systems of circulation named above is that which now prevails in Canada. It is the final result of the long process of what may be called financial evolution. The distinguishing features of this system are as follows:

First.—That the right to issue notes for circulation shall be confined to corporations that are registered under the provisions of the Banking Act.

Second.—That no such bank shall issue notes until it has a minimum of five hundred thousand capital subscribed, and of two hundred and fifty thousand paid up.

Third.—That the amount of such issues shall be kept within the limit of the paid up capital.

Fourth.—And that all such notes shall constitute, in case of failure of the bank issuing them, *a first lien upon all its assets, and upon the double liability of the stockholders* in addition.

For some years after its enactment, this important provision, which is the keynote and distinguishing feature of the note circulation of Canada, stood alone.

But to make assurance doubly sure there was added to it after a time a system of contribution by each bank of a certain sum, proportioned to its circulation, to constitute a guarantee redemption fund, which fund is deposited with, and is at the disposal of the Government, for the redemption of the notes of any insolvent bank, should the provision previously named prove insufficient. And should this fund, under any conjunction of circumstances, prove also insufficient, provision is made for futher contributions, until the redemption of every note is actually accomplished. The effect of this is very far-reaching; for it assures that every possible asset of every bank in the country, including the double liability of them all, is pledged for the redemption of the notes of any single insolvent bank. The whole of the banks of Canada are therefore pledged for one another in the matter of the ultimate redemption of their circulating notes, affording a security for the issues much beyond anything existing in the world.

It is, however, interesting to note that the provision by which notes are made a first lien in case of a bank's failure has invariably proved sufficient for the redemption of its whole issue. In no one instance has it been necessary to fall back upon the redemption fund; even though, as it has happened in more than one case during a number of years, the issuing bank has been grossly mismanaged. Even when in a certain bank, by means of fraud and concealment, a large issue was effected beyond the statutory requirement, the whole of them were redeemed out of the assets of the bank itself. Thus the security by first lien has stood the severest tests to which any system could be exposed. But with the redemption fund behind it, the *safety* of Canadian bank note issues is guarded beyond any possibility of failure.

How Elasticity Is Secured.

Yet with all this there has been ample provision made for the important matter of *elasticity*. This feature of note issues is that which makes them correspond with the movements of commerce from season to season, and from year to year.

Commerce begins at the point where production is finished. When the harvest of an agricultural country like Canada is ready for sale, the merchant steps in with offers to purchase it. But experience has demonstrated that purchases of agricultural produce can only be carried out by the employment of current money. The movements of commerce in towns and cities can be and are almost wholly effected by checks, bills, and promissory notes. But for purchase of agricultural products from the producer in country districts nothing will answer but current money; coin for small change, and notes for larger transactions. When, therefore, the time of harvest comes round and purchases begin to be active, an immense demand for notes sets in; an immense outflow of notes takes place, which continues increasing until the larger part of the harvest passes into the hands of the merchant. This great annual outflow of money (the same that prevails also in the United States, in Scotland, and the agricultural parts of England) necessitates that there shall be powers of issue with the banks over and above the ordinary requirements. This power of extra issue in Scotland is provided by the holding of gold; not at all an economical process. It is provided in Canada by the united capital of the banks being always kept at a point far higher than that to which circulation ever rises at its highest level. Thus the power of the banks to provide for the largest outflow of notes is *economically* secured.

For a long period previous to the development of the great wheat-growing regions of the Northwest the circulation of the Canadian banks, as a whole, at its highest point year by year was far below their united capital; that is, far below their circulating power. But in the year 1902 so vast was the harvest of the Northwest that this highest point approached so near to the united capital, before the reflex wave set in, that the banks came to a general conclusion to increase their capital. Each one acted for itself, on its own judgment in the matter, and according to its special necessity, in order to provide for the expansion in future years. Capital, therefore, has been increased and the great outflow fully provided for. This will undoubtedly continue to be the case if necessity arises again.

Thus, then, there is always a reserve of circulating power in the country; for when the reflex wave sets in, notes return to the banks, and there accumulate until a vast store lies ready in the safes of the banks waiting for the great demand to set in for the movement of the crops in the autumn.

Let it be noted that by this method the utmost economy of finance has been secured; for the capital of the banks that has been paid up is available for commercial purposes as well as the store of notes that are based upon it when wanted. The notes that lie in the bankers' safes ready for the great outflow displace nothing.

Thus it is that the difficult problem of combining absolute safety with perfect elacticity has been solved. As to the *safety*, it has been shown to be of an even higher degree than that of the issues of the Bank of England, or of the national banks of the United States; while its elasticity has been proved by the long course of experience to be perfect in its operation and that in a country where the pursuits of agriculture and forestry furnish a very large proportion of its annual production.||

G. H.,

Former Gen. Mgr. Merchants' Bank of Canada.

REFLECTIONS OF PUBLIC OPINION.

HERE are some recent expressions of opinion that are significant:

Judge K. M. Landis, in imposing a fine on one of the Standard Oil Company's subsidiary companies:

"The men who thus deliberately violate the law wound society more deeply than does he who counterfeits the coin or steals letters from the mail."

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President Roosevelt in his Provincetown, Mass., speech: "Once for all let me say that as far as I am concerned and for the eighteen months of my Presidency that remain there will be no change in the policy we have steadily pursued, or let-up in the efforts to secure the honest observance of the law, for I regard this contest as one to determine who shall rule this free country—the people through their governmental agents or a few ruthless, domineering men, whose wealth makes them peculiarly formidable because they hide behind breastworks of corporate organization."

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Governor Charles E. Hughes of New York, in a recent address: "Let us have it thoroughly understood that a man walks to his political doom who thinks of anything else but public welfare in connection with public office."

|| It should be noted that a small part of the circulating notes of Canada (about ten per cent.) consists of the issue of the Government; and are of the denomination of one, two and four dollars. All the notes of the banks are of five dollars and upwards, corresponding in this respect exactly with the issues of the Scotch banks. The large notes of the Government of Canada are never in circulation at all. They are used solely by the banks between one anther to settle balances due, and are expressly framed so as to have no value in the hands of the public.

As a final remark with regard to this system of note issues, it should be stated that a supervision of the whole system has been placed upon The Bankers' Association, especially created a corporation for the purpose. This association checks the unsigned notes received from the engravers by the several banks, together with the amount signed and taken into account as money from time to time; it checks the circulation account of each bank, and supervises their destruction when finally written off. The association in this matter acts as an agent for the Government, and ensures that the provisions of the law are complied with.

It should be added, as a final remark that since this system of circulation was fully established, there has never been either a panic or revulsion, or "run" of any kind on any issuing bank in the country. It undoubtedly steadies the whole course of Canadian finance. Even when some years ago, during and after the silver agitation, there was severe scarcity of money and financial distress in the monetary centres of the United States, there was perfect equilibrium in Canada; in fact, the Canadian banks rendered a large amount of assistance to the commercial community of the United States.

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

THE DUTIES AND LIABILITIES OF TRUST COMPANIES ACTING IN VARIOUS CAPACITIES.

DUTIES AS TRANSFER AGENT.

THE duty of the transfer agent is to act for the issuing corporation in the matter of making transfers of the ownership of its stock from one holder to another. This involves the passing upon the regularity and legality of the assignment of title; the noting of the transaction upon the transfer books of the corporation; the cancellation of the old certificates and the execution and delivery of new certificates. Incidentally it involves the furnishing to the corporation of a certified list of the stockholders whenever the books are closed for the payment of dividends, and at other times as demanded.

The performance of these duties requires that the transfer agent be the custodian of the stock books and the seal of the issuing corporation and of a supply of blank certificates. The certificates, bound in book form so that each certificate and its stub form one page, and numbered consecutively, are before delivery to the transfer agent signed by the proper officers of the corporation. The face of the certificate usually contains the provision that it is not valid unless countersigned by the transfer

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

† While the duties of trust companies acting in various fiduciary capacities are fairly well established by custom and in some cases by legislative enactment, their exact liabilities, especially in corporate trusts, such as those of transfer agent and registrar, are sometimes undetermined either by statute or by court decisions, and are the subjects of wide differences of opinion among trust company officials and among lawyers. In the following discussion, so far as it relates to liabilities, the writer has endeavored to state the various positions taken by different writers quoted, to whom he wishes to acknowledge his indebtedness for the information given and for the opinions advanced. It is perhaps hardly necessary to remark that this discussion is intended merely to show the different views that are current on the subjects treated, and does not pretend to state conclusions ex cathedra, the writer making no claim to expert knowledge in the matter. In any transaction other than one which is absolutely plain and simple, no trust company official or employee should proceed without competent legal advice.

agent. On its back is usually printed an assignment of the stock and an irrevocable power of attorney, of which the following is a common form:

> "For value received ...... hereby sell, assign and transfer unto .... the shares of capital stock represented by the within certificate, and do hereby irrevocably constitute and appoint .... attorney to transfer the said stock on the books of the within-named company, with full power of substitution in the premises.
>
> ...."
>
> Dated .... 190...
>
> In presence of
>
> ....

Before making delivery of a certificate, the transfer agent dates it, fills in the name of the new holder and the number of shares represented, affixes the seal of the issuing corporation and attaches the proper signature to the transfer agent's certificate. The form of this certificate recommended by a committee of the Trust Company Section of the American Bankers' Association reads as follows: ‡

> "Countersigned:
>
> .... Trust Company, as Transfer Agent,
>
> By ...., Secretary."

At the time of accepting an appointment as transfer agent, trust companies require certain information from the issuing corporation regarding its organization and the issue of its stock, the exact nature and amount of such information varying according to the policy of the trust company. The following are the requirements published by The Old Colony Trust Company of Boston:

"Corporations desiring the trust company to act in either of these capacities (transfer agent or registrar) should submit the following papers. Additional papers will be called for if required:

(*a*) Certificate of incorporation of the company, certified by the Secretary of State of the state where the corporation is domiciled.

(*b*) Minutes of the organization meetings of the stockholders and directors of the company, showing compliance with the necessary formalities to make the incorporation legal, such minutes to be certified by the clerk or secretary of the company.

(*c*) By-laws, similarly certified.

(*d*) Copies, similarly certified, of all votes, both of stockholders and directors, authorizing the issue of stock of the company, together with the certificate of the treasurer or other proper officer stating the exact amount of stock outstanding, which was issued under each of such votes. If approval by the state is necessary in any form—e. g., by railroad commis-

‡ Proceedings Trust Company Section, 1905, p. 7.

sioners—formal evidence of such approval, and generally of compliance with all conditions precedent to the issue.

(*e*) If the stock is issued as fully paid, evidence that such is the case, either in the form of a certificate of the treasurer to payment in cash at par, or, if the law of the state permits payment to be made otherwise than in cash, then satisfactory proof that payment has been made in compliance therewith.

(*f*) Copy of the form of stock certificate which is to be issued, and which the trust company is expected to sign. This should be submitted for approval before it is engraved.

(*g*) Vote of directors certified as in (*b*) approving the form of stock certificate; also vote similarly certified appointing the transfer agent and agent to register transfers of the company.

(*h*) List similarly certified of the officers and directors of the company, with sample signatures of such as may sign certificates."

The practical work of transferring stock requires a high degree of intelligence and care and a thorough knowledge of the law governing such transfers. The risks involved aside from possible clerical mistakes, errors in bookkeeping, dishonesty or gross carelessness on the part of the employees who actually do the work, include mistakes of law or of fact in making transfers on forged endorsements, or on insufficient authority, or in violation of law, especially in cases of certificates held by persons as trustees for others. Certificates endorsed in blank are often presented for transfer by persons other than the holders of record. The transfer agent must know the signatures of stockholders or otherwise identify them beyond question. Where stock is held in fiduciary capacities, the agent must know the terms and powers under which it is held. When a certificate is presented for transfer, the transfer clerk should know that the certificate itself and the power of attorney accompanying it are genuine; that the transferrer is legally competent to make the transfer: that no notice has been given the company of any outstanding claims against the stock; that, in the absence of direct notice, there is no implied notice of claims, such as the certificate itself may give when standing in the name of a trustee.

Liabilities as Transfer Agent. §

On the subject of the exact liabilities assumed by the transfer agent in agreeing to perform these services, there is a considerable difference of opinion, which is readily accounted for by the fact that there is no statute

§ Readers wishing to consult fuller discussions of this subject and of the liabilities of trust companies acting as registrars are referred to the following articles, some of which are quoted herein: Proceedings Trust Company Section A. B. A. 1896-1903, pp. 59-75, article by Felix Rackemann; pp. 184-199, article by Henry J. Bowdoin and discussion of same. Proceedings Trust Company Section A. B. A. 1904, pp. 28-41, article by Jordan J. Rollins; pp. 85-86, letter from Noble B. Judah, and discussion preceding. Proceedings Trust Company Section A. B. A. 1905, pp. 6-8, Report of Executive Committee. "The Banking Law Journal," Vol. XXII, pp. 717-720, article by C. F. Morris. "Trust Companies" Vol. I, pp. 418-421, 497-503, 609-613, articles by Ross Perry; pp. 989-990, article by E. C. Hebbard; Vol. II, pp. 416-418, article by Willard V. King; Vol. III, pp. 12-14, article by Charles A. Greene.

law covering the case, and very little law in the shape of court decisions. While the office is sometimes undertaken under special contract which details the liabilities to the issuing corporation, the more common method of appointment is by a mere resolution of the directors of the issuing corporation appointing the Blank Trust Company as the transfer agent of its stock, and the acceptance of the appointment by the latter. This method assumes that the duties and liabilities of the position are so well known as to require no definition; an assumption which is justified so far as routine duties are concerned, but which as to liabilities seems inconsistent with the divergent opinions held by officers of banks and trust companies which act as transfer agents. The difference of opinion does not concern what the trust company accepting an appointment expects and intends to undertake, but has reference to possible implied and incidental obligations which it does not intend to assume, but for which, in the opinion of some writers, the courts may hold it responsible. "It is well understood in banking and trust company circles that the transfer agent undertakes to say to the purchaser of the stock which it has countersigned no more nor less than that such stock is a genuine portion of the capital stock of the issuing company, that the said company has been duly authorized to do business by the Secretary of the State in which the company is incorporated, and that the signatures of the officers to the certificates of stock are genuine."||

LIABILITIES OF A CORPORATION ACTING AS ITS OWN TRANSFER AGENT.

Before stating the variant views of different writers on the subject in hand, it will be useful to inquire into the extent of the liabilities of corporations when they transfer their stock through one of their own officers or employees. It is of course beyond the scope of this article to discuss the law of stock transfers, concerning which elaborate text-books may be read. A few instances showing the liabilities involved will be sufficient for the present purposes.

In an able paper on the subject read before the Trust Company Section of the American Bankers' Association¶, Jordan J. Rollins showed that improper transfers may arise "Equally through honest mistake, negligence or fraud." Illustrating the statement, he instances cases in which errors have occurred and the issuing corporations have been held liable:

(*a*) Through a mistake of fact where the title to stock was affected by a law peculiar to a foreign state or country. He quotes the United States Court of Appeals that "The validity of a transfer of stock is governed by the law of the place where the corporation is created."

(*b*) Through a mistake of fact where the title to stock was affected by some complicated contractual relation.

(*c*) Through a mistake of fact where a person acting as attorney for another exceeded his authority in making a transfer.

(*d*) Through fraud on the part of the officer in charge of transfers.

|| C. F. Morris, in "Banking Law Journal," Vol. XXII, p. 718.

¶ Proceedings Trust Company Section 1904, pp. 29-33.

As a brief statement of the responsibility of the issuing company, he quotes the United States Supreme Court (Telegraph Co. vs. Davenport, 97 U. S. 369, at p. 371) as follows:

"The officers of the company are the custodians of its stock book, and it is their duty to see that all transfers of shares are properly made, either by the stockholders themselves or persons having authority from them. If, upon the presentation of a certificate for transfer, they are at all doubtful of the identity of the party offering it with its owner, or if not satisfied of the genuineness of a power of attorney produced, they can require the identity of the party in the one case, and the genuineness of the document in the other, to be satisfactorily established before allowing the transfer to be made. In either case they must act upon their own responsibility. In many instances they may be misled without any fault of their own, just as the most careful person may sometimes be induced to purchase property from one who has no title, and who may perhaps have acquired its possession by force or larceny. Neither the absence of blame on the part of the officers of the company in allowing unauthorized transfer of stock nor the good faith of the purchaser of stolen property, will avail as an answer to the demand of the true owner."

He also quotes the Supreme Court of Massachusetts (Crocker vs. Old Colony R. R. Co., 137 Mass. 417) as follows:

"When a transfer of stock is presented to a corporation it is bound at its peril to see that it is a genuine transfer by one who has power of disposition over the stock. . . . If it issues a certificate upon a forged or unauthorized transfer, the real owner retains his property in the stock and the corporation may be liable to a bona-fide holder of the new certificate."

On the other hand, quoting the same case:

"If a proper transfer is presented to a corporation it is its duty to issue a new certificate in accordance with it, and if it refuses, it is liable to the person to whom the transfer is made."

Summing up this portion of his paper, Mr. Rollins concludes, "For all loss occasioned, whether by fraud, negligence or unavoidable mistake, by it or its agents in the transfer of its stock, such corporation is absolutely liable, and no excuse can mitigate its liability."

Special risks are involved in the transfer of stock at the instance of executors, administrators, trustees or guardians. In a series of articles on this phase of the subject in "Trust Companies" magazine** Ross Perry cites a number of cases showing the character of the risks. These include:

(*a*) A case where stock held in trust under a will was ordered distributed by a lower court and the corporation so distributing it was afterwards held liable by the Supreme Court of the state (Tennessee), notwithstanding the instructions of the lower court, on the ground that the distribution was not in accordance with the terms of the will, of which the corporation had or ought to have had notice.

** Volume I, pp. 418, 497 and 609.

(*b*) A case where the trustees under a will transferred stock in excess of their authority and used the proceeds for their own benefit, and the corporation permitting the transfer of its stock was held chargeable with a knowledge of the contents of the will which was spread on the public records and was required to make good to the trust estate the value of the stock.

(*c*) A case where stock held by executors under a will transferred same to themselves as trustees, and afterwards to "A. B., Trustee," the latter selling the stock and using the proceeds for his own purposes. In an action to recover the Court of Appeals (of Maryland) answered the plea of the defendant corporation that the mere word "trustee" gave them no notice of the trust, by holding that having been once informed of the will and its provisions affecting the stock in question, that knowledge continued all the way down, and the company was bound to see that the trust property in their custody was protected and not misappropriated, and required it to make good the loss.

(*d*) A case where a transfer on the order of an executor caused loss to a corporation because the executor had not complied with the law of the testator's domicile before selling the stock so transferred.

Mr. Perry further shows that where stock is transferred *to* a trustee, executor, administrator or guardian in an investment of trust funds, the corporation permitting such transfer of its stock may be held liable in case such investment of trust funds is against positive prohibition of law.

It must be evident, without further discussion of this topic, upon which volumes have been written, that the corporation which transfers its own stock is subject in the matter of such transfers to very grave responsibilities.

Responsibility of the Separate Transfer Agent.

How much of this responsibility does the trust company—or any other separate transfer agent—assume? Is the relation between the issuing corporation and the transfer agent that of simple agency, and the responsibility of the agent limited to the exercise of good faith and ordinary skill and carefulness; or does the agent, in assuming the duties connected with the transfer of stock, also assume all of the responsibilities in connection with such transfers that the issuing corporation would itself have if no separate transfer agent were appointed? This is a question of most vital importance to the trust company—a question concerning which opinions differ widely, and upon which the courts have not passed.

Those who incline to the opinion that the courts may hold the transfer agent liable for more than simple agency call attention to the causes which have brought about the employment of separate transfer agencies, to the purposes which they now serve and to the possible liability to two parties—the issuing corporation and the interested public. Recognizing the fact that convenience and the demands of business were potent factors in establishing the custom, they maintain that the demand of the public for additional safeguards, outside of any that the issuing corporation itself could furnish, was an important factor, and is to-day perhaps the strongest single reason why a corporation wishing to market its stock must have the same transferred by a responsible bank or trust company. They show that the stock exchanges generally require the appointment of such agencies as a prerequisite to the listing of the stock, and that the public would regard the omission of the appointment of a transfer agent as suspicious and irregular. They argue that it is evident that the general public looks upon the transfer agent as practically a guarantor, separate and aside from the issuing corporation, that a certificate of stock bearing its signature is absolutely valid, and that the holder will be protected by it; and they think it a fair question whether the courts, when a test comes, will not hold to the public's view of the case. As between the principal and agent, they point to the fact that one of the contributing reasons for the agency from the standpoint of the former is the supposition that the trust company is an expert in such work, possessed of superior facilities and endowed with thorough knowledge of the law, and therefore to be held accountable for more than ordinary skill; also to the fact that the principal ordinarily surrenders to the agent the entire control of the transfer of its stock, thereby placing beyond its own reach any power to prevent improper transfers, except of course in a few cases in which it may have special knowledge and instruct the agent.

". . . In view of the causes which have resulted in the office and custom, and of the practically absolute control exercised in most instances by the agent, it is certainly prudent for us to anticipate that the courts will decide, when a proper case is presented, that the agent is responsible to its principal in the full measure of the consequences resulting to the principal for any acts of the agent. . . . Can it be successfully argued that, while the agent agreed to perform the work, and accepted a cash consideration therefor, the responsibility for the consequence of mistake, however innocent, impliedly remains where it formerly rested, upon the principal, it having parted with the control of the situation? I apprehend not."***

"The office not being a creation of the corporation by reason of any inability on its part to perform the duties involved, but being rather a system which custom and stock exchange rules have forced upon it, there is reasonable ground for query as to whether the agent, intervening as it does between the corporation and the public, does not stand for the corporation in its relation to the public, and itself assume the liabilities for a careful and responsible handling of the stockholders' interests, for over-issues, and fraudulent issues of stock, and for the many other forms of fraud, the liability of which would fall on the corporation did it perform these functions for itself. . . . In this state of the law, then, forecasts as to how the courts will act on this question when it comes up for direct decision are largely speculative; but the trend of decisions which touch the borders of the matter, and the application of established legal principles, would seem to indicate that the agent's liability to the

*** Henry J. Bowdoin, Proceedings Trust Company Section 1896-1903, p. 188.

interested public will be settled as is its liability to the corporation for which it acts; that the injured party may look successfully for reimbursement to either the agent or the corporation or both."****

Those who hold to the opposite opinion are quite as decided in their views, and are perhaps more numerous. Their position is stated by Philip S. Babcock, as follows ("Trust Companies" magazine, Vol. I. p. 39):

"I contend that the transfer agent is an agent, pure and simple; responsible for gross and wilful neglect, but in other respects simply representing its principal; and any claims against the agent are properly answered by interposing the principal."

Speaking of the liability to the principal, Felix Rackemann says in Proceeding Trust Company Section American Bankers' Association, 1896-1903, p. 62:

"Lawyers and surgeons hold themselves out as competent and learned and skillful. Should either make a mistake from failure to properly apply some settled principle of his profession, he would be negligent. On the other hand, either might advise or act according to his best judgment in respect of some doubtful or unsettled point, and though in the end proved wrong, would not be guilty of negligence. So with the transfer agent. He is not an insurer and is not to be held to infallibility. He must, however, be cautious and vigilant. For an honest mistake in a matter where the law was unsettled, and in the absence of judicial determination fairly open to different opinions as to true construction, it is hardly conceivable that the transfer agent could be liable to the company."

The same writer says regarding liability to the public (page 66):

"There seems to be no ground whatever in the law for thinking that a trust company, acting as transfer agent, sustains toward the shareholder of the stock company any different legal relations than would exist between the shareholder and a small salaried clerk in the office of the company signing the same certificate as 'transfer clerk.' "

After calling attention to the fact that formerly this work was done by such transfer clerks, Mr. Rackemann continues:

"It was never suggested that such transfer clerk 'represented' anything or was legally liable to anybody, so he conducted himself honestly. . . . It would make no difference in the law whether the clerk under the old practice has signed himself clerk or agent. The only changes made under the modern system are that the word 'agent' has displaced the word 'clerk' and financial institutions of character and reputation have displaced the individual unfamed clerks. . . . The argument to the contrary must rest upon the theory that the signature of the transfer agent is to be treated as an authentication by one who has contracted with the company and impliedly undertaken with each investor that only true and perfect instruments shall be authenticated, and although it must be admitted that the agent's signature is required on the instrument, yet it must at the same time be remembered that the object of the added signature has not been to gain added authenticity. The necessity for

**** Charles A. Greene, in "Trust Companies" magazine, Vol. III, pp. 12, 13.

the agency led to the signature. It was not the desire for the signature as an authentication which led to the agency. A railroad ticket is not good until the agent has put his office stamp and date upon the back. . . . If a ticket proves bad and be rejected, would it be claimed by any one that the agent was individually liable because he had 'authenticated' the ticket, or personally represented anything whatever about it in the act of stamping it? It is not easy to see any distinction between the two cases."

Mr. Rackemann adds that in his discussion he has been referring "Only to those cases where there is merely the signature of the trust company, and the words 'transfer agent.' It may well be that the addition of some very simple and harmless-sounding words will lead to very important, further and different results." He particularly warns against the use of the word "countersigned," calling attention to the fact that "It has been held in at least two cases that the execution of an instrument under the word 'countersigned' was equivalent to a direct and positive representation, not only that each original signature was genuine, but that every legal formality essential to the full legal effect of the instrument had been duly observed and performed."

Methods of Safeguarding the Transfer Agent.

Whatever view may be taken of the situation, it is evident that it is possible that the liability of the transfer agent might be held greater than trust companies acting in that capacity intend it to be, and that wisdom would dictate the taking of all possible measures to prevent such a possibility. A committee on the subject appointed by the Trust Company Section of the American Bankers' Association reported (Proceedings Trust Company Section 1905, pp. 6 and 7): "While the trust companies do not admit that in acting as transfer agent or registrar they assume any such measure of responsibility as that suggested by articles read before the convention at various times, it would be desirable to eliminate absolutely the opportunity for any claim that the trust company serving in either capacity is liable save as an ordinary agent. Obviously, there are but two ways in which liability can be defined in advance; either by agreement between the principal and agent or by legislation. The latter was recommended in the article under consideration, since a statute would as clearly affect the investing public as the company issuing the stocks transferred or registered. The form proposed for New York was as follows: * * * (The trust company shall have power) 'To transfer, register and countersign certificates of stocks, bonds and other evidences of indebtedness of corporations, with liability to such corporations and to the owners or holders of such certificates of stock, bonds or other evidences of indebtedness solely for the negligence or wilful misconduct of its officers in reference to such certificates of stock, bonds or other evidences of indebtedness, or in the appointment or employment of its agents, clerks or employees dealing therewith.'

If in any state it shall not be possible or convenient to obtain legislation of the character indicated then such protection as may be afforded by the adoption of appropriate endorsements is recommended."

The form of endorsement, or certificate of transfer agents, recommended in this report has already been given.

Other forms of protection that have been suggested are the taking of bonds of indemnity in doubtful cases, the making of special contracts for the agency and notifying all transferees of such contract, and having the transferees subscribe to the by-laws of the issuing company in cases where such by-laws define the responsibility of the transfer agent.

The following "Suggestions about Stock Transfers" issued by the Old Colony Trust Company of Boston, and used here with its permission, contain valuable hints regarding the conduct of this business:

Suggestions About Stock Transfers.

1. Signatures of stockholders on stock transfers, when unknown, must be verified in some way satisfactory to the transfer agent. This will usually be by guarantee of some member of the Boston Stock Exchange or some well-known bank, or by acknowledgment before a notary public.

2. If the holder's name is rightly given on the face of the certificate, he or his duly authorized attorney should sign the transfer exactly as the certificate is made out, without alteration or enlargement.

3. If an error was made in issuing the certificate, the transfer agent should be informed of the facts. Do not make corrections on the face of the certificate. If the assignment is filled out erroneously, alterations should be made in ink only, leaving the original writing legible. Do not use erasers of any sort.

4. Enter in the transfer space on the back of the certificate the full name of each person to whom the stock is to be assigned, writing out the number of shares to be so transferred, and the street or post-office address of the transferee. It is more convenient to leave the attorney space blank, if one is provided.

5. In transferring to individuals, use the full Christian name; and, if the transferee be a woman, the title "Miss" or "Mrs." Avoid using diminutives.

6. In transfers to a married woman, use her own Christian name, not her husband's. In case of a change of name by marriage, send the stock certificate to the transfer agent with the transfer filled out to the correct name, signed after this manner,—"Mrs. Mary James, formerly Mary Jones," having the signature properly verified.

7. Assignments to a corporation or association should give the complete legal title.

8. Certificates issued to a minor or an insane person should bear the guardian's name; for example, "John Jones, minor (or incompetent), under guardianship of Henry Jones." If a transfer is desired of stock so held, a recently certified copy of the guardian's appointment should be shown, together with the license of the court appointing the guardian,

if such license is necessary under the laws of the state having jurisdiction. Termination of the guardianship should be shown by a certificate from the court, birth certificate, or other satisfactory evidence.

9. On certificates issued to trustees the trust must be fully described, exact reference being made to the will or other document creating the trust; and, whenever possible, the name of the beneficiary should be given.

10. Transfers by trustees, where a power of sale is not granted by the instrument creating the trust, cannot be made without license from the court or the consent of all the beneficiaries. In every case the instrument creating the trust and proper evidence of the trustee's appointment should be exhibited. If there is more than one trustee, all must sign transfers.

11. Transfers made by administrators or executors must be accompanied by a recently certified copy of court appointment. When made by executors or adminstrators with the will annexed, of estates which have been in probate over three years, a certified copy of the will should be shown. If there is more than one administrator or executor, a majority should sign.

12. Trustees, administrators, executors, guardians, and attorneys should not transfer to themselves individually; nor should husband and wife transfer directly from one to the other, unless such transfers are authorized by the laws of the state when the transfer is signed.

13. Transfers from corporations or associations should be executed by their officials duly authorized for the purpose, and accompanied by a certified copy of the vote or by-law authorizing the transfer. Such vote or by-law should be certified to by an official other than the one signing the transfer.

14. Transfers by attorney must be accompanied by the original or a notarial copy of the power of attorney, and evidence should be given that the signature is genuine. Powers of attorney can be recognized only when the intent of the maker to authorize transfers is beyond doubt, and when the power is recent, or is shown to be still in force.

15. Papers left for record in connection with transfers by trustees, executors, etc., will be returned.

16. Prompt notice of any change of address should be given the transfer agent in writing, stating the name of the company in which stock is held.

17. If a certificate is lost, file notice to that effect with the transfer agent at once, giving, if possible, the certificate number and number of shares.

18. In transfers of stock in Massachusetts corporations by foreign executors, administrators, or trustees, evidence should be furnished that the transfer is not liable to the Massachusetts collateral inheritance tax, or that such tax has been paid.

The foregoing suggestions are subject to change, and should be considered for guidance only.

For a fuller discussion of this subject, see list of articles given in note at heading "Liabilities as Transfer Agent."

Duties and Liabilities as Registrar of Stock.

The duty of the registrar of stock is to register. or record the issue of, certificates of stock after they have been issued by the transfer agent, for the purpose of preventing an over-issue of such stock. Before assuming its duties the registrar must be furnished with authentic information as to the total amount of stock authorized to be issued, if none has been issued; or as to the total amount of stock authorized to be issued and the amount outstanding, if part or all has been issued. After the total amount of shares authorized to be issued have been registered, new certificates are not registered except upon the cancellation of outstanding certificates for the same number of shares.

As stated by Felix Rackemann, in Proceedings Trust Company Section 1896-1903, p. 73, "In practice the registrar keeps its registry list, and as stock is transferred by the company or its transfer agent it receives in each case the old certificate as surrendered and the new certificate as prepared to take its place, it compares the two, it notes upon its registry list the surrender and cancellation of the old and the issue of the new in substitution, and it thereupon identifies the new certificate by its signature upon its face as a part of a stated authorized issue."

Upon its face this is an exceedingly simple operation, involving no greater responsibility than a guarantee that the certificate has been issued in regular form by the transfer agent and that the outstanding registered stock of which it represents a part does not exceed the total authorized issue. This is the limit of responsibility which a trust company in assuming the office of registrar intends to assume, and which many think the courts will rule it actually does assume. Yet there are a number of lawyers and trust company officials of experience who incline to the opinion that as in the case of the transfer agent, the courts may, when a case actually comes before them, hold the company acting as registrar to liability for incidental and implied obligations which it has not intended to assume—some going so far as to believe that "The duties and liability of a registrar do not differ in any marked degree from those of a transfer agent."*****

As to the historical origin of the office of registrar and the original and present purpose of its employment, there seems to be no disagreement. The practice of employing registrars was a result of the disclosure in 1863 of the "Schuyler Frauds," in which Robert Schuyler, who was president and also transfer agent of the New York and New Haven Railroad Company, fraudulently over-issued the stock of his company. As a safeguard against such frauds in the future, the New York Stock Exchange, in January, 1869, adopted a rule requiring all active stocks to be registered by an agency approved by it. "The danger of over-issue was, therefore, the single operating cause. To guard against such danger was the single object of the Stock Exchange rule, and of the subsequent practice adopted in compliance with that rule." (Rackemann, as above, p. 72.)

***** Henry J. Bowdoin, Proceedings Trust Company Section 1896-1903, p. 194.

It is evident that the function of the registrar could not in any case be exercised, as the function of the transfer agent could be, by the issuing corporation. The very nature of the office requires the services of a person or corporation entirely distinct from the company whose stock is to be registered.

The liabilities involved are at the present purely a matter of opinion, as there is practically no law on the subject. The position of those who believe that the liabilities involved may be considerable is illustrated in the following passage (Bowdoin, as above):

"Since the function to be performed by the registrar, which it holds itself out as competent to discharge, is that of a check against the transfer agent, in guarding against an over-issue of stock, it becomes necessary for the registrar to scrutinize all transfers, since the issue of a certificate, except against one legally cancelled for the same number of shares, would necessarily result in an over-issue. This duty the registrar impliedly, by its acceptance of the office and fee, agrees to discharge. Obviously, if the registrar certifies the issuance of a certificate, thereby placing upon it the last and highest indicia of validity, and loss results to the principal therefrom, the registrar has failed to fulfill the purpose of its appointment; if, by such action, loss enures to a stockholder whose property rights have been wrongfully divested thereby, cannot such stockholder recover from the registrar, the signature of the latter in acceptance and approval of the evidences of the transfer being essential to the transfer and being the last act in consummation of the transaction by which the stockholder is injured? In the absence of an expressed agreement limiting the liability of the registrar, it would seem that the acceptance of the office carries an acceptance of responsibility for failure to properly perform the functions of the office, and that unless such limitation of liability is brought to the knowledge of the stockholder, and of those who may from time to time become such, the acceptance of the office would also imply an acceptance of responsibility for all acts of the registrar whereby the stockholder is wrongfully deprived of his property interest in the stock. Here again the case against the registrar is strengthened by the quite customary regulations of stock exchanges requiring the signature or counter-signature of a registrar as essential to the validity of the certificate."

Referring to the fact that the word "Registrar" appears in the opinion of some to be the equivalent of "Guarantor," Mr. Rackemann says (as above, p. 72):

"It is certainly a matter calling for consideration, because a popular notion, or conviction, though erroneous, is yet quite apt to have its natural effect upon the judicial mind," and he suggests the avoidance of the word "Registrar," suggesting in its place "Agent to Register Transfers."

He says further (p. 74, as above):

"If the registrar of stock, by the registration, makes a continuing representation to the public that the stock is valid and properly issued, or even within the authorized limit, the registrar is of course concerned to know that each transfer is properly made and not merely that a former stock certificate is mutilated in the process known as cancellation. Because it may well be that a stock certificate, mutilated in cancellation to the satisfaction of the most fastidious, would still remain as a matter of law a perfectly valid stock certificate upon which the shareholder named therein would continue to have all original rights and claims. . . . Should the transfer agent, therefore, accept an old certificate and 'punch' it in cancellation without the authority properly given by the true owner, it would not be cancelled, and any stock certificate put out by the transfer agent in its place would be an over-issue, and the registrar, in signing the new certificate, would be registering over-issue stock."

Answering his own question, "What does such registration mean?" Noble B. Judah says (Proceedings Trust Company Section 1904, p. 85):

"To my mind, the answer to this question is that such registration means and intends more than simply that the trust company, as agent for the company the stock of which is registered, has written some words on the certificate. It has been said in the past that the trust company simply acted as the agent for the other company, from time to time, in registering the respective certificates; and it seems to have been assumed, sometimes at least, that the trust company was under no responsibility to the person taking the registered certificates; but the company whose stock is registered has, if its affairs are honestly administered, no need on its own part for such registration. Obviously the chief purpose is to give the purchaser of the stock to understand that a third and disinterested party is looking after the stock issues. I do not doubt that the courts of some of the states, at least, will so hold. As soon as it is admitted that the registration is procured for the purpose of influencing third parties, it is very necessary that their rights be considered, for in such case there will be, sooner or later, decisions holding the registrar to financial responsibility."

That there are many who do not agree with these views is shown by the practice of different companies in the method of conducting the work of registration, and by opinions expressed in printed articles. Thus, Willard V. King says ("Trust Companies," Vol. 2, pp. 416-418) that "We all do in New York" register stock "without looking into the formality of the transfer." Referring to the contention that if the transfer agent improperly cancelled a certificate and issued a new one the shareholder whose stock was illegally transferred could compel the transfer agent to reissue to him the shares illegally taken from him, thus producing an over-issue, he says:

"But the answer to this is that the transfer agent, if compelled to make good in such a way, would go into the market and buy the necessary shares and cancel them in order to make the required issue to the aggrieved stockholder. He could not issue them out of hand. It is quite inconceivable that there should be at any instant more stock outstanding than the corporation had authorized, the proper hypothesis being that the transfer agent (assuming that his guilt has been proved) is 'short,' just exactly like a speculator who has sold what he does not own, and is put to the necessity of buying the wherewithal to fulfill his obligations. There would be no over-issue at any stage of the proceedings, and therefore nothing for the registrar to concern himself about."

Again, he says:

"Moreover, on examination of the details of the procedure it will be found that the registrar has not the facilities for proving the propriety of the assignments. When a new stock certificate is delivered, the transfer agent takes the receipt, which in many cases is the only specimen on file of the new stockholder's signature. To this the transfer agent can refer by way of added verification of that signature when in the course of time the certificate is presented for transfer; but the registrar has not access to it. Powers of attorney, probate certificates, copies of deeds of trust, and other papers showing the authority of various persons to execute assignments of stock, are lodged with the transfer agent; and to suppose that the registrar must keep a duplicate file, or must examine the papers already accepted by the transfer agent, and require a second examination by counsel of the doubtful cases, is quite absurd."

Mr. King objects to the phrase "Countersigned and registered" on certificates, "because the word 'countersigned' is likely to imply something in addition to 'registered.'"

The remedies proposed by those who think the situation serious enough to justify caution are practically the same as those already explained for the protection of companies acting as transfer agents. Even those who hold to the opinion of limited liability agree that it is important to exercise great care in the form of the Registrar's certificate. The Committee of the Trust Company Section, American Bankers' Association, already mentioned, recommends****** either of the following forms:

"Registered this .... day of ....
............Trust Company, as Registry Agent."

"Registered this .... day of ....
..........Trust Company, as Registration Agent."

The duties and liabilities of trust companies as registrars of stock are more fully discussed in the list of articles given in the note to the heading, "Liabilities as Transfer Agents."

(*To be continued.*)

AMERICAN BANKERS' ASSOCIATION.

PROGRAMME OF TWELFTH ANNUAL MEETING, TRUST COMPANY SECTION, ATLANTIC CITY, SEPTEMBER 24, 1907.

Morning Session.

Meeting called to order by the President of the Section at 10 a. m.

Prayer, by the Rev. John H. Townsend, Rector of the Church of the Ascension, Atlantic City.

****** Proceedings Trust Company Section 1905, p. 7.

Address of welcome by Mr. Uzal H. McCarter, President Fidelity Trust Co., Newark, N. J.

Reply to address of welcome and annual address of the President, by Mr. Festus J. Wade.

Secretary's report, by Mr. James R. Branch.

Report of Executive Committee, by Mr. A. A. Jackson, Chairman.

Report of Committee on Protective Laws, by Mr. Lynn H. Dinkins, Chairman.

Report of Committee on Better Protection for Municipal Securities, by Mr. H. P. McIntosh, Chairman.

Address—Distinction in Meaning of the Word *Trust* as Applied to Trust Companies and the Same Word as Used in Connection with Commercial Combinations, by Hon. Charles Emory Smith, ex-Postmaster-General and ex-Ambassador to Russia.

Roll Call of States, to be answered by the several Vice-Presidents of the Section in five-minute reports of the conditions concerning Trust Companies as existing in their states.

RECESS.

AFTERNOON SESSION.

Address—Utility of the Country Trust Company, by Mr. Jno. T. Woodruff, President Springfield Trust Company, Springfield, Missouri.

TOPICS FOR DISCUSSION.

The following topics will be introduced and spoken upon by those whose names appear hereunder, so that free discussion may follow from the floor by members in attendance:

New Methods of Advertising and Their Results: Mr. Benjamin I. Cohen, President, Portland Trust Company, Portland, Oregon; Mr. Frederick Phillips, Secretary, Lincoln Trust Company, New York; Mr. E. D. Fisher, Secretary, Flatbush Trust Company, Brooklyn, N. Y.

Charges of Companies for Business of a Trust Nature: Mr. George B. Pendleton, Cashier, New Bern Banking and Trust Company, New Bern, North Carolina; Mr. F. A. Scott, Secretary and Treasurer, the Superior Savings and Trust Company, Cleveland, Ohio.

Management of Real Estate by Trust Companies in a Fiduciary Capacity: Mr. Henry G. Brengle, Vice-President, Trust Company of North America, Philadelphia; Mr. J. W. Cleveland, Secretary, Title Guarantee and Trust Co., New York; Mr. Charles K. Zug, Trust Officer, Commonwealth Title Insurance and Trust Co., Philadelphia.

The Propriety of Separating Trust Business From Various Financing and Promoting Undertakings: Mr. A. E. Adams, President, Dollar Savings and Trust Company, Youngstown, Ohio; Mr. Roland L. Taylor, Vice-President, Philadelphia Trust, Safe Deposit and Insurance Company, Philadelphia.

Nomination and Election of Officers for the coming year.

PRACTICAL BANKING

INCREASING A BANK'S BUSINESS.

BY E. A. BANCKER.

AUDITOR LOWRY NATIONAL BANK, ATLANTA, GA.

SO much has been presented on this subject that it seems presumptuous to seek to add any new thoughts. However, it is my purpose to emphasize a class of factors that tend, especially in prosperous times, to build up the business of a bank. These factors are "good facilities," and I will briefly consider them under three heads.

(1) *Special Facilities.* A good location stands easily first as a business builder. If five men pass a given point every day, that spot is five times more valuable than if one man passed by. Other things being equal, the bank that is the most accessible to you, gets your account. How often does one hear the remark, "I would like to do business with you people, but the other bank is more convenient."

(2) *A sufficiency of ordinary facilities* plays an extremely important part in aiding the increase of business. Some of which are: A commodious office; plenty of clerks and tellers; some officers who are not too busy with the routine business of the day to take the "new depositor" in hand "show him around," look out for him when next he comes in and make him feel at home. The small depositor, who comes himself to the bank, appreciates this courtesy. His account is of some value and is a good advertisement. Besides which, the small depositor of to-day is the large one of to-morrow and we may be "entertaining angels unawares."

(3) *Extraordinary facilities.* Safe deposit vaults, ladies' departments, savings departments, foreign exchange departments, etc., are demanded by bank patrons to-day. The marvellous growth of the trust companies is due, in part at least, to the completeness with which they provide these "extraordinary facilities." With the exception of discount, every financial want of man is supplied by them in one and the same office.

Put in your facilities of all kinds, *then* advertise *them.* It is folly to bid for business that cannot be cared for properly. That this is the correct principle of progress is attested by the fact that the largest banks the country over have recognized and are practicing it. If the national banks expect to maintain their accustomed place of first in size and influence, it looks very much as if they will have to fall in line in the matter of facilities.

PRACTICAL BANKING NOTES.

BY J. P. GARDNER.

A Word About Carbon Copies.

A FEW years ago the conservative bank officer would have looked with disapproval upon the many devices placed upon the market in the way of labor-saving contrivances. But to-day, so greatly has the volume of work increased, that the wide-awake officer no longer

PERRY, MFRS., FOND DU LAC, WIS.

First National Bank,
FOND DU LAC, WIS.

Order No. 435
PUT THE ABOVE ORDER NUMBER UPON YOUR INVOICE.

Fond du Lac, Wis., August 10th 1907

PLEASE SEND US THE FOLLOWING:

One gross "Navy" blue pencils
One dozen quarts "Nubian" copying ink
Ten thousand envelopes as per order June 1st

AND CHARGE TO THE ACCOUNT OF

FIRST NATIONAL BANK.

Ship via

Per

Acknowledge Receipt of Order and State When You Will Ship.

FIG. 1.

disregards anything which aims to relieve the detail of the work. The adding-machine, the typewriter, mechanical filing devices, etc., enable the work of the bank to be accomplished with swiftness and accuracy.

Among the more recent devices in use are the carbon copying-books, which in many of the large banks relieve the men of a large amount of detail of entry and at the same time give an exact copy. The blank submitted in Figure 1, has been found of much practical usefulness as an order blank. By the use of this form a bank retains a carbon copy of all orders placed for supplies, and at the same time it is serviceable in deciding any dispute which may arise concerning prices. Its use also facilitates the checking up of invoices, and makes it possible to place a

DEPOSITED BY

W. A. CLARK COAL CO.

• • IN THE • •

FIRST NATIONAL BANK

Northampton, Mass., ____________

	DOLLARS	CENTS
Bills,		
Coin,		
Checks,		

FIG. 2.

check on everything ordered, the orders being written on one blank which is forwarded to the stationer, the carbon copy being retained by the bank.

This appliance may be used to advantage in deposit tickets, as will readily be seen in Figure 2, the original being deposited with the bank and the carbon copy being retained by the depositor.

The criticism generally made against the use of these devices is that the records being made on so many loose forms they are apt to be mislaid; but this possible objection is readily overcome by a little care in the filing of the forms.

Not the least valuable use to which these carbon copying forms may be put is in the telegraphing done in the bank. An ingenious system of great practical value is the form shown in Figure 3 whereby, at one writing, the dispatch is written for the telegraph company to transmit, a confirmation of the same to be forwarded to the addressee, and a third copy for the record of the bank. This form is now in use by some

CONFIRMATION OF TELEGRAM FROM

MELLON NATIONAL BANK

PITTSBURGH, PA.

(The dispatch is written on a regular blank of the telegraph Co., under which is this form, and the copy for filing in the bank's record.)

FIG. 3.

thirty-five hundred banks throughout the country and is equally serviceable in the work of a small or a large bank. If it is so desired the tissue sheet retained by the bank may be pasted in the regular copy-book of the bank, so that all correspondence may be included within the pages of one book.

Rare Coins.

FROM time to time there passes through the hands of the banker a coin the date or appearance of which leads him to conclude that he has run across a prize.

The date, perhaps a hundred years or more before his birth, or the strange superscription, indicates a find. But the date on a coin, ancient as that may be, does not necessarily indicate a value above the face, possibly it may mean that its value is only that of the bullion in the coin.

A few simple suggestions are given here that may help bankers to detect a rare coin, and also the chief characteristics of coins occasionally received.

If a coin is noticed which from its date or unfamiliarity leads the banker to think it of value, he should send it to the New York correspondent of the bank, to submit to an expert numismatist for inspection and to offer a bid. No dealer will bid upon a coin unless he has the piece before him, as the state of preservation of the coin has very much to do with the value. Mutilated or worn coins or those once used as ornaments are worth only the metal value.

It is well never to attempt to clean up old coins; send them in as they are. Gold dollars are becoming more valuable every year, and now sell at from $2 to $2.15 each. Three-dollar gold pieces are worth $3.75

to $4 each. Money that has been stored away for long periods should be gone over carefully and if any coins appear to be of more than their face value they should be appraised before disposing of them.

Drafts Payable on Arrival of Goods.

MERCHANTS, in drawing drafts, to which are attached Bills of Lading, would avoid much misunderstanding by drawing such drafts payable "on arrival of goods," incorporating such terms clearly on the draft. While these terms may be understood by shipper and by consignee and perhaps by the bank of the shipper, there is frequently a dispute when the bank presenting the draft, perhaps drawn "at sight," or "on demand," in the absence of instructions to the contrary, insists upon payment of the draft on demand, or being under the necessity of returning the papers. The annoyance such a course would entail if followed unintelligently will readily be seen, and yet many bankers consider they have no right to hold such drafts at the option of the drawee. Recourse can always be had by telegraph for instructions.

THE MARINE NATIONAL BANK
OF BUFFALO

Revonah National Bank
Philadelphia Pa.

Dear Sir.

Enclosed in your letter of the twentieth were drafts as per statement below, with instructions attached to hold for arrival of goods.

As we are absolutely dependent on the consignees for knowledge of the arrival of the goods, they being the only parties notified by the Railroad Company on receipt of goods at destination, we cannot become responsible for any failure to present this draft on arrival of the shipment. We have presented same, however, and will hold pending receipt of notice of arrival of goods BY DRAWEE OF DRAFT. Please confirm.

Very respectfully,

CLIFFORD HUBBELL, Cashier

Atkinson Grain and Produce Co. 1719
Monumental Steel Co. 4879

FIG. 4.

A form in use in one of the large banks in Buffalo, calling attention to drafts drawn, payable on "arrival of goods," is valuable, inasmuch as it places the collecting bank on record, showing what its position is. There are many variations of this form, but the one shown in Figure 4 covers the ground very well.

Confirmation of Telegrams.

A NEAT device used by banks in the United Kingdom for the confirmation of telegrams is shown in the form below, which serves by way of confirmation of the exchange of telegrams in cipher, the translation of the message sent being given on one side of the sheet and the reply on the other.

OLD LONDON BANK. LONDON, ENGLAND.

EXCHANGE OF TELEGRAMS.

With United National Bank, New York.

Our telegrams:	Your telegrams.
Ship $500,000.00 bars Saturday's steamer.	
	Dispatch received. Are shipping you gold as re-requested.

COUNT WITTE A BANKER.

COUNT WITTE, according to a St. Petersburg dispatch, has accepted the directorship of the Bank of Russia for Exterior Commerce.

This marks the final severance of the ex-Premier from the official life of his country. It is well known that his private fortune is not large and that the emoluments of office were a welcome addition to his income. For some time past he had been debating the question whether his interests would not be better served by his complete retirement from public life and the acceptance of some such position as that which he has now taken, and for which he is peculiarly fitted by his financial abilities and experience.

SAVINGS INSURANCE IN MASSACHUSETTS.

BY FREDERICK W. COBURN.

THE practical outcome of legislation recently passed to enable the savings banks of Massachusetts to establish departments for issuing industrial life insurance policies and annuities is likely to be watched with considerable interest by bank men throughout the country. Opinions necessarily still differ as to the wisdom of so marked departure from American precedent. Nothing of this sort has been attempted here before, and the somewhat experimental nature of the project is insisted upon in many quarters as a decided objection. Savings bank men who from the outset have supported the proposition urge that the savings insurance plan is experimental only in that the magnitude of its success cannot be foretold; that it is reasonably certain to succeed and be of benefit to the wage-earner, and that it may accomplish valuable results which can as yet hardly be predicted.

The permissive law goes into execution November 1, 1907. From then on Massachusetts will see the trying out of an idea involving the creation of a new type of banking institution. Several savings banks are already preparing to be pioneers in the movement.

What is proposed is that, taking advantage of the provisions of the newly-enacted legislation, the trustees of any savings bank of Massachusetts who are actuated with a desire further to increase the public usefulness of the institution in their charge, may decide, by a two-thirds vote, afterward to be ratified by a vote of a majority of the incorporators, to establish a department of savings insurance. A bank taking such action acquires a new title under the law. It is henceforth a "savings and insurance bank."

Thereafter, to secure from the state a license to operate, various provisions have to be complied with. These, in a general way, are similar to the steps which have to be taken when a new savings bank is started. There must be secured, for example, a special expense guaranty fund of not less than five thousand dollars in cash to be used to make up any deficiency due to insufficiency of the amounts set aside for managing expenses out of the receipts from insurance policies and annuities. This fund may be retired whenever in the opinion of both Bank Commissioner and Insurance Commissioner of the state it is no longer required. It is obviously one of the necessities of the beginning of the business.

Further, unless the special insurance expenses of the new department can be guaranteed from the state's general insurance guaranty fund, to which all the savings and insurance banks of the state will contribute, there must be assured a special insurance guaranty fund of not less than $20,000 in cash. This is to be placed at the disposal of the bank's insurance department as a means of paying losses or other obligations if at any time the liabilities of the department come to exceed the assets. The amounts advanced by individuals to constitute this fund are represented by certificates of a par value of $100. The fund is placed in the savings department of the bank, the holders of the certificates being credited with the interest. In case the fund has to be drawn upon for the benefit of the insurance department, repayment must be made with interest, though the assistance is not to be deemed a liability if the solvency of the insurance department is in question. The special insurance guaranty fund may be retired from the insurance department's surplus, after various conditions have been satisfied.

General Insurance Guaranty Fund.

To unify the activities of savings and insurance banks there is a general insurance guaranty fund in charge of a corporate body of seven trustees. These, in the first instance, have been chosen by the Governor of the state. They comprise a self-perpetuating corporation, though members are removable by the Governor for cause. They receive no compensation for their services. Only persons who are already trustees of savings or savings and insurance banks are eligible to this office.

To the support of this general insurance guaranty fund each savings and insurance bank will at the outset pay monthly four per cent. of its receipts from insurance premiums and annuity contracts. This percentage may later, in the discretion of the trustees of the fund and with the approval of the Insurance Commissioner, be reduced or the toll may even be abolished. The fund will establish a guaranty for all obligations on life insurance policies or annuity contracts in all savings and insurance banks of the state. A bank needing assistance to prevent or make good an impairment of its insurance reserve may borrow to that extent from the general fund. The amounts so loaned are to be repaid with interest at five per cent., compounded semi-annually, as soon as an adequate surplus exists.

If there is money enough in the general insurance guaranty fund, the trustees may, with the approval of both Bank Commissioner and Insurance Commissioner, contract with a savings bank which is desirous of establishing an insurance department to guarantee the insurance risks until such time as the bank has surplus with which to retire the guaranty. The funds of the general fund are to be invested in the same class of securities in which, by Massachusetts law, savings bank funds must be invested. The trustees are, however, empowered to deposit in any savings bank any funds on hand which because of their smallness or for other reasons cannot be properly invested at the time.

Not only is each savings and insurance bank protected by the foregoing guaranty funds, but it is required that each shall, as rapidly as possible, establish its own protective fund. From whatever profits are earned by the insurance department of an individual bank an amount of not less than twenty nor more than seventy-five per cent. must be set aside annually as surplus until such fund equals ten per cent. of the net insurance reserve or the amount of the special insurance guaranty fund, whichever is greater. This fund is to be maintained permanently against losses in the insurance department due to unexpectedly great mortality, depreciation in securities or other causes. The balance of the net profits will be equitably distributed annually among the holders of policies and annuity contracts.

Upon the trustees of the general insurance guaranty fund devolves much of the work of setting in motion the machinery of the savings insurance scheme. One of their duties is, subject to the approval of the Governor and his council, to appoint a state actuary, together with such clerical assistants as the duties of his office require, the salaries to be paid by the commonwealth. The appointee of this office, with advice from the Attorney-General, will prepare standard forms of life insurance policies and annuity contracts. These are to be uniform and exclusive in the whole state. In a general way the actuary will be expected to be competent to simplify and explain so that savings bank men will not find life insurance to be the complicated matter that some of them have supposed it to be.

A physician, known as the State Medical Director, will prescribe the rules relating to the health or acceptability of candidates for applicants for insurance and will advise and supervise the physicians employed locally by the savings and insurance banks.

Limitation of Policies and Annuities.

The individual insurance policies issued by savings and insurance banks are limited in amount to $500 upon the life of any one person, the annuities to $200. No policy or contract is void after six full months premiums have been paid, the insurance department of the bank thereafter becoming liable either for the full surrender value in cash or for the amount of paid-up insurance. Only residents of the state may be insured. Anyone who moves away may, of course, continue to make payments by mail. If proof of death requires an independent investigation in instances where the insured has gone to another state, the cost of such investigation may, at the discretion of the treasurer of the savings and insurance bank, be deducted from the amount otherwise payable on the policy.

No Solicitation or House-to-House Collection of Premiums.

No solicitation of life insurance and annuities by agents is permitted under the act, and no house-to-house collection of premiums.

The insured must pay at the bank or at one of its established agencies or must remit by mail. Nothing, however, prevents the use of advertising space in newspapers and magazines as an effective means of solicitation.

The accounts of savings departments and insurance departments are to be kept strictly separate. So are the investment trusts. Expenses connected with the joint conduct of the two departments of the bank, such as office rent and salaries of the general officers will be equitably apportioned by the trustees.

The conditions of taxation remain unchanged for any savings bank which incorporates a new department in the manner now permitted. Any savings and insurance bank may discontinue its practice of writing policies and annuity contracts upon a vote of two-thirds of its trustees. In such an event it may secure permission to reinsure its risks elsewhere. Each insurance department will be examined by the Bank Commissioner and the Insurance Commissioner at least once a year. If these officials are agreed that it is insolvent or is in danger of becoming so, a receivership may be requested from the Supreme Judicial Court.

How the Innovation is Regarded by Savings Bank Men.

This large scheme, the logical character of which can hardly be impugned, has been variously regarded by savings bank men of the Bay State. Individual trustees of more than one hundred of the 189 savings banks of the state have shown their belief in the idea by enrolling themselves as members of the Massachusetts Savings Insurance League. In several cases all the trustees of a bank registered simultaneously. Intense opposition, on the other hand, has been encountered in some quarters—particularly in cities where, as in Worcester and Springfield, the names of a number of men who are savings bank trustees appear also in the directorates of local life insurance companies. In the Merrimack valley cities there is a complication, in that the savings banks, on account of their large and growing patronage from New Hampshire as well as from their own immediate neighborhood, are fairly swamped with business, and look askance upon any proposal that they get busier. As a rule the savings insurance idea seems to be in greatest favor in the eastern part of the state, in Boston and its suburbs, and in the shoe manufacturing towns, although great interest has been manifested in Leominster, Ware, Pittsfield, North Adams and other places of central and western Massachusetts.

The membership of the general insurance guaranty fund, which Governor Guild appointed early in July illustrates concretely the kind of business men who believe that savings insurance will become a practical reality. They are as follows: Judge Warren A. Reed, vice-president of the People's Savings Bank, Brockton, chairman; George Wigglesworth, of the Milton Savings Bank; Charles K. Fox, of the People's Five Cent Savings Bank of Haverhill; Charles C. Hitchcock, of the

Ware Savings Bank; Hamilton Mayo, of the Leominster Savings Bank, and Preston Pond, trustee of the Winchester Savings Bank and director of the Dennison Manufacturing Company, of Boston.

The feeling of many other distinguished and successful men of the state is perhaps summed up in two letters of approval from former governors—from Hon. William L. Douglas, one of the best known of American shoe manufacturers, who is president of the People's Savings Bank of Brockton, and Hon. John L. Bates, attorney, and trustee of the Franklin Savings Bank of Boston. Mr. Douglas in joining the Massachusetts Insurance League, of which he was later chosen president, wrote as follows:

BROCKTON, Mass., Jan. 14, 1907.

To the Massachusetts Insurance League, Boston, Mass.

GENTLEMEN: Please find enclosed request to enroll my name as a member of the Massachusetts Savings Insurance League.

After reading the facts contained in your booklet, it seems to me hardly a debatable question that a system of industrial life insurance ought to be devised which will give to the working man his money's worth.

It is intolerable that he should be obliged to give up so much of his earnings to obtain a few hundred dollars of insurance.

I believe that your plan of erecting in savings banks an independent department of life insurance is not only sound and feasible, but the best way of furnishing to working men life insurance at cost, and I desire to do what I can to assist you in your object. I hope that the maximum policy will be not less than one thousand dollars.

I have had no opportunity to consult with the trustees of the savings bank of which I have the honor to be president, and I do not know what attitude they would take in the matter, but if a law is passed allowing savings banks to open a life insurance department, and our trustees desire to make a trial of the plan it would be a pleasure to me to furnish a guaranty fund of $25,000, or more, if necessary.

Yours very truly,

(signed) W. L. DOUGLAS.

Ex-Governor Bates' letter is as follows:

BOSTON, Mass., March 18, 1907.

Louis D. Brandeis, Esq., 163 Devonshire Street, Boston, Mass.

DEAR SIR: I have carefully examined the copy of the bill that you sent to me, and which I understand it is proposed to submit to the Massachusetts Legislature as authorizing the plan of savings bank insurance.

While I have been much interested in the plan from the beginning, I have delayed endorsing it until such time as I was satisfied that a practical plan had been outlined and satisfactory legislation drafted. The legislation that you propose seems to me provides for a most satisfactory and safe trial of the proposition. While not committing myself to its details, I am satisfied that it is so drafted as to protect the banks, the public, and the insured; that its enactment can do no harm, and that if, as a result of its enactment, savings bank insurance becomes a fact, great good will be done.

I have no criticism to make of the companies doing industrial insurance, but everyone knows that the present system is very expensive and out of proportion to the benefits that the insured receive. A less expensive plan is greatly needed, and I believe your plan gives assurance of filling the need.

Yours sincerely,

(signed) JOHN L. BATES.

The rapidity with which so important a departure as the adoption of the savings insurance plan was brought about in a conservative state like Massachusetts attests the power of organized effort in pressing an argument and arousing public opinion. Magazine articles and public addresses during 1906 by Louis D. Brandeis, a Boston attorney, set a great many people thinking about the cost of industrial life insurance. His revelations as to excessive prices paid by working people for this form of protection are generally familiar. To further Mr. Brandeis' proposal that savings banks be permitted to compete with life insurance companies, the "Massachusetts Savings Insurance League" was formed in November, 1906, with Norman H. White, treasurer of the Boston Bookbinding Company, and a newly elected member of the Legislature from the town of Brookline, as secretary and treasurer. Mr. White started a campaign of education such as Massachusetts never before witnessed, at least concerning so apparently technical a matter as life insurance policies and annuities. Speakers presented the proposition to associations of business and professional men, church clubs, labor unions and whatever other organizations could be interested. Some of the foremost newspapers took the subject up editorially and supported the League's effort in every way possible. The three life insurance companies most likely to be affected made little open and apparently not much secret opposition to the measure after it had been drafted and presented to the Legislature. Public opinion was unmistakably on the side of the bill, and a large majority of the members of both houses were enlisted in its favor from the first. Governor Guild was enthusiastic for the project, which he had already commended in his 1907 inaugural. His signature made it a law on June 27.

PROBABLE WORKING OF THE PLAN.

Will the plan work? That is what Massachusetts must now find out. Most of the arguments advanced against the measure during the period of agitation were expressions of prejudice rather than of principle. "Mixing the two different lines of business would be dangerous," it was said, although it is an elementary fact of finance that the life insurance and annuity business is nothing but a somewhat specialized form of savings. "The savings banks are too busy now" — a lazy man's argument, and displaying none of the spirit of *noblesse oblige* that has actuated savings bank trustees from the beginning, nor of that enterprise and initiative which is making national institutions of some of the best-managed of our savings banks. "The investing of largely increased funds would be difficult or impossible," it was declared, as though such an institution as the Bowery Savings Bank of New York does not continue profitably to invest a hundred millions, and as though many savings banks of Cleveland and other cities are not seeking by magazine advertising to build up their total of deposits. "People's confidence in the security of the savings banks would be lessened," but just why does not appear when insurance departments will, under the law, be even more carefully safeguarded than the savings departments. "Thousands of industrious and hardworking industrial life insurance agents may be thrown out of jobs" as if, with the insistent call for labor, skilled and unskilled, all over the world, every man doing uneconomical work to-day ought not to be turned promptly into something more productive.

Finally, it was said, "working people won't insure their lives unless solicited by persuasive life insurance agents."

That may be, of course, to an extent a valid argument. Therein appears the one uncertainty which even the enthusiasts concede. At the same time the argument is one based largely upon the assumption that intelligence and thrift are not increasing among the plain people of the country. And the moral certainty is that they are increasing. It is highly improbable that any Massachusetts savings bank will start an insurance department to find that none of the population in its neighborhood will take the trouble to purchase "over the counter" policies or annuities, even though they can get them on lower terms than they can secure from the life insurance companies. Some demand for the insurance there is bound to be. The membership of more than one hundred thousand in the Massachusetts Savings Insurance League is evidence of that. The flood of letters and telegrams which poured in upon every legislator while the Brandeis-White bill was in discussion proved public interest.

But whether that demand will be great enough to make the scheme a big success so that not only every savings institution in Masachusetts will want to take it up but that it will be generally adopted in every American state—that is obviously still a matter of speculation. Favoring the probable success of the experiment is the undoubted fact that the savings bank is all the while gaining in popular esteem, as is shown by increasing deposits everywhere in the United States. More and more wage-earners are forming the habit of going regularly to the savings institutions and leaving there a fixed proportion of the week's earnings. It is fair to presume that a considerable proportion of these depositors will be accessible to argument that counsels their purchasing their life insurance and their old age pensions—which annuities really are—where their money is kept.

It needs, too, to be remembered that although solicitation by agents will not be part of the plan, other soliciting agencies will all the while be at work. Among these is the savings bank's reputation for integrity and conservatism. Then, too, count in the personal interest of thousands of persons of philanthropic disposition who see in the plan a means of accomplishing cheap life insurance and old age pensions without resort to socialistic measures foreign to our institutions and national temperament. These people will act as unpaid agents of a movement in which they have become interested. Withal, the trustees of individual "savings and insurance banks" will, no doubt, resort from time to time to that effective form of solicitation, display advertising in the local press. Through such agencies the whole population will be kept aware of advantages offered by the savings institution, and the thrifty will listen attentively to appeals to do their duty in protecting their families and safeguarding their old age.

NEW YORK SAVINGS BANKS.

FOLLOWING is a comparison of the condition of the savings banks of the State of New York on July 1 of the years given:

	1907.	1906.
Total resources	$1,490,760,675	$1,444,444,492
Amount due depositors	1,394,296,034	1,335,093,053
Other liabilities	721,434	679,702
Surplus on market value of stocks and bonds	95,743,206	108,671,735
Surplus on par value of stocks and bonds	94,917,284	88,172,898
Number of open accounts	2,740,808	2,637,235
Number of accounts opened or reopened during year	551,100	540,677
Number of accounts closed during year	447,525	417,067
Amount deposited during the year	$399,770,401	$394,356,106
Amount withdrawn during the year	389,508,985	356,910,221
Amount of interest credited and paid during the year	48,940,903	44,725,760
Current expenses, including salaries, for six months	1,928,030	1,848,888

SAVINGS BANK SECTION OF THE AMERICAN BANKERS' ASSOCIATION.

THE annual meeting of the Savings Bank Section of the American Bankers' Association will be held at Atlantic City, N. J., September 24. Following is the order of proceedings (subject to change by vote of the convention):

1. Meeting called to order by President Latimer, at 10 a. m.
2. Prayer.
3. Address of Welcome, by Judge Adrian Lyon, President Perth Amboy Savings Institution, Perth Amboy, N. J.
4. Annual address by the President.
5. Report of Chairman of Executive Committee.
6. Report of Secretary.
7. Report of Committee on Printed Forms.
8. Report of Committee on Joint and Trust Accounts.
9. Report of Committee on Auditing.
10. Address by Alfred L. Aitken, Esq., Treasurer Worcester Co. Institution for Savings, Worcester, Mass., "Savings Bank Insurance."
11. Address by P. LeRoy Harwood, Esq., Treasurer Mariners' Savings Bank, New London, Conn., "Postal Savings Bank."
12. Address by W. R. Creer, Esq., Secretary Cleveland Savings and Loan Co., Cleveland, O., "Uniform Laws for Savings Banks in the Various States."
13. Address by Edw. T. Perine, Esq., Treasurer The Audit Co., New York, "The Independent Audit of a Savings Bank."
14. Address by W. M. Kern, Esq., Secretary Dollar Savings Bank, New York, "Deposits Received Evenings."
15. Address by Thos. B. Paton, Esq., Counsel for the Savings Bank Section, "Review of 1907 Legislation Affecting Savings Banks."
16. Nominations and Elections for President, 1st Vice-President, Vice-Presidents, three Members of Executive Committee to serve three years.
17. Installation of officers elected.
18. Adjournment.

A feature of the meeting will be an exhibition of advertising matter used by the savings banks in the United States.

MEETINGS AT ATLANTIC CITY.

CONCURRENTLY with the meeting of the convention of the American Bankers' Association at Atlantic City will be held other meetings of importance to bankers.

The annual meeting of the Clearing-House Section will be held at the Marlborough-Blenheim, September 24 at 10 a. m.

The annual meeting of the Organization of Secretaries of State Bankers' Association will be held at the same place September 24, at 8 o'clock p. m.

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE's Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

NATIONAL BANKS—STOCKHOLDER'S LIABILITY—REGISTERED OWNER—ACTUAL OWNER—PLEDGEE.

OHIO VALLEY NATIONAL BANK VS. JOHN HULITT, Receiver.

Supreme Court of the United States, Jan. 7, 1907.

Under the Federal statutes relating to stockholder's liability a mere pledgee of national bank stock cannot be held liable so long as the shares are not registered in his name, although an irresponsible persons has been selected as the registered shareholder, but the real owner of the shares may be held responsible, although the shares are not registered in his name.

This case was begun in the United States Circuit Court by John Hulitt as receiver of the First National Bank of Hillsboro, Ohio, against the Ohio Valley National Bank, to recover the amount of an assessment upon certain shares of the stock of the Hillsboro Bank, which had become insolvent, which assessment was directed by the Comptroller of the Currency in accordance with the provisions of the national bank act. The case was tried upon an agreed statement of facts, from which it appears that on March 18, 1893, one Overton S. Price, for a loan of $10,000, gave his promissory note of that date to the Ohio Valley Bank, due ninety days after date, payable to his own order and indorsed by him, and deposited as collateral security for the note, among other securities, fifty shares of stock of the said First National Bank of Hillsboro, Ohio. The note had a power of sale attached to it, signed by Price, and authorizing the holder to sell or collect any portion of the collateral, at public or private sale, on the non-performance of the promise, and at any time thereafter, without advertising or otherwise giving Price notice, and providing that, in case of public sale, the holder might purchase without liability to account for more than the net proceeds of the sale.

On December 25, 1893, Price died, leaving the note due and unpaid, and no payments have been made thereon except as hereinafter stated.

On June 18, 1894, the bank made a transfer of the pledged stock of the First National Bank of Hillsboro, and also of certain other stock in the Dominion National Bank of Bristol, Virginia, to one Henry Otjen, an employee of the bank, and pecuniarily irresponsible. The shares were transferred on the books of the banks and new certificates issued in the name of Otjen and delivered to him on July 7, 1894. Otjen indorsed the certificates in blank. No money passed in consideration of the transfer, and none was expected, nor was any credit given or indorsed on the note by reason thereof.

The transfer was made upon the understanding and agreement between Otjen and the bank that Otjen should hold the stock as security for the indebtedness of the estate of Price upon the note, he to apply any amounts which he might realize from said stock as credits upon the note. In pursuance of this agreement Otjen subsequently paid the bank sums received from the Dominion National Bank on account of dividends received until the sale of that stock, when the proceeds of sale were likewise applied by him upon the note.

On February 19, 1896, the bank prepared proof of claim against the estate of Price, and, at that time, believing the stocks transferred to Otjen to afford a reasonable security for the note to the amount of $4,484, indorsed a credit for that sum upon the note, as follows: "Forty-four hundred and eighty-four ($4,484.00) dolls. paid on ac. of within note June 18, '94, being proceeds of sale of 30 shrs. stock Dominion National Bank and 20 shares of stock 1st National Bank of Hillsboro, O." The bank filed its proof of claim for the balance of the indebtedness upon the note; that no consideration was paid for said credit, and the same was not entered on the bank's books; that all dividends arising upon the distribution of the estate of Price were applied upon the note.

The Hillsboro bank continued to do business until July 16, 1896. From the date of transfer at all times the stock appeared on the books of the Hillsboro bank in the name of Otjen, there being nothing on the books to connect the Ohio Valley National Bank with the stock, or to indicate that it had any interest therein; that the defendant bank at no time performed any act of ownership, or exercised or attempted to exercise any of the rights of a stockholder in said bank, or of the Dominion National Bank, unless the acts stated were, in legal intendment, of that character. The Ohio Valley National Bank procured the shares to be transferred to Otjen because it was unwilling to assume the risk of the statutory liability of a stockholder in respect thereto. The Circuit Court of Appeals held the bank liable as a stockholder (69 C. C. A. 609, 137 Fed. 461), and directed judgment accordingly.

Mr. Justice Day, after making the foregoing statement, delivered the opinion of the court:

Section 5151 of the Revised Statutes (U. S. Comp. Stat. 1901, p. 3465) provides that the shareholders of every national banking association shall be held individually responsible, equally and ratably, not one for another, for all contracts, debts, and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares. This section undertakes to hold all shareholders responsible, and questions have arisen under varying circumstances as to what constitutes such shareholder.

Assuming, then, the established doctrine to be that the mere pledgee of national bank stock cannot be held liable as a shareholder so long as the shares are not registered in his name, although an irresponsible person has been selected as the registered shareholder, we deem it equally settled, both from the terms of the statute attaching the liability and the decisions which have construed the act, that the real owner of the shares may be held responsible, although in fact the shares are not registered in his name. As to such owner the law looks through subterfuges and apparent ownerships and fastens the liability upon the shareholder to whom the shares really belong.

Applying these principles to the case at bar, we think there can be no doubt of the liability of the Ohio Valley National Bank in this case. Conceding that it was exempt so long as the relation which it held to the stock was that of a pledgee, and that Otjen was the registered stockholder, holding for the benefit of the bank as pledgee, and not as owner —what was the attitude of the parties after the death of Price, and the credit of the supposed value of the stock upon the note, and its presentation for allowance and acceptance by the representatives of Price's estate? As the foregoing statement shows, the stock was originally delivered to the bank, with a power of public or private sale for the liquidation of the pledge. After the death of Price the bank caused the stock to be registered in the name of Otjen. After proof of the claim the dividends paid out of the Price estate were credited upon the note. If the bank had followed literally the authority of the power of attorney attached to the note and sold the stock at public or private sale, and itself become the purchaser, we take it there could be no question that it would thus have become the real owner of the stock, and, within the principles of the cases heretofore cited, the shareholder, liable under the terms of the statute. We think what was in fact done necessarily had the same effect; the bank applied the value of the stock with the consent of the pledgeor, and thus vested the title in the bank.

It is urged that although the indorsement upon the note in the form in which it was presented to Price's administrator recited credit as of June 18, 1894, being proceeds of a sale of the stock, there never was a sale in fact, and that the bank is not estopped by anything shown in the case from showing the true situation and the actual transaction between the parties.

Conceding, for this purpose, that Price's representative could have insisted upon a strict performance of the power conferred in the authority given to the bank as to the disposition of the collateral, yet, if the representative of Price desired to do so, there was nothing to prevent him from waiving a strict compliance with the terms named, and permitting the bank to acquire title to the stock by crediting its value on the note. This is in fact what was done. Instead of selling the stock, the bank, in executing the authority conferred, indorsed what it deemed the value of the stock, as of the date of the credit, upon the note, and, reduced by the amount of this valuation, presented the note to the administrator of Price, who must have allowed the claim in this form, as it is specifically stated that the subsequent dividends upon the claim were paid to the bank. By this transaction, who became the real owner of the stock? Certainly not Otjen, for it is not contended that he was other than a mere holder of the stock as collateral security to the bank, without any beneficial interest. Price had died, and his representative had allowed the claim, showing the application of the value of the stock as a credit upon the note. If Price's representative could have objected to the form in which the bank liquidated the pledge, he did not do so, but accepted the bank's method of divesting him of title by allowing the claim with the credit upon it. The bank thus become the beneficial owner of the stock, and had the Hillsboro National Bank continued solvent it certainly could not have denied to the Ohio Valley Bank, after this transaction, the rights and privileges of a stockholder.

As we have seen, this court, in construing the banking act, has not limited the liability to the registered stockholders. While the registered stockholders may be held liable to creditors regardless of the true ownership of the stock, and the pledgee of the stock, not appearing otherwise, is not liable, although the registered stockholder may be an irresponsible person of his choice, yet, where the real ownership of the stock is in one, his liability may be established, notwithstanding the registered ownership is in the name of a person, fictitious or otherwise, who holds for him.

We think the Circuit Court of Appeals did not err in holding the bank, in view of the facts shown in the case, as the true owner and responsible shareholder of the stock in question.

Judgment affirmed.

CERTIFICATES OF DEPOSIT—CONSTRUCTION—PROMISE OF BANK TO PAY AMOUNT OF DEPOSIT—ABSOLUTE OR CONDITIONAL PROMISE.

LAMAR, TAYLOR & RILEY CO. vs. FIRST NATIONAL BANK OF ALBANY.

Supreme Court of Georgia, February 14, 1907.

Where a bank issues a certificate of deposit, certifying that a stated sum is deposited to the credit of a third party, subject to the check of the latter, and over which no control is reserved to the depositor, such certificate is equivalent to a written promise by the bank to pay such third party the stipulated amount upon presentation of the certificate.

If there are conditions in the certificate, the promise is not absolute, but depends on the contingencies set out in the certificate.

Lamar, Taylor & Riley Drug Company filed its petition against the First National Bank of Albany, alleging: That the bank had issued the following certificate of deposit: "Received of Morris Weslosky and T. D. Sale thirty-three hundred and forty-three and twenty-eight one hundredths dollars ($3,343.28) on deposit to the credit of Lamar, Taylor & Riley Drug Company, subject to their check in the completion of the inventory of the Sale-Davis branch of the C. M. Shivers Drug Company. Notice of the completion and acceptance of the inventory to be given the First National Bank by Morris Weslosky and T. D. Sale. [Signed] First National Bank of Albany, Georgia, by P. W. Jones, A. Cashier." That petitioner is the owner and holder of this certificate. That the conditions of this certificate have been fully complied with. That the inventory specified has been completed. That one of the duplicate copies of this inventory has been given to the bank. It is further alleged that upon the completion of the specified inventory Weslosky and Sale at once took possession of the Sale-Davis branch store, stock, fixtures, furniture, etc., therein contained; that before taking possession of said store petitioners notified Weslosky and Sale in writing "that the taking possession of said property would be considered and treated as the full, final, and complete acceptance on their part of the inventory, and as authorizing petitioner to demand, and the First National Bank of Albany to pay, the amount deposited with said bank by the said Morris Weslosky and T. D. Sale to the credit of petitioner, over to petitioner without further notice on the part of said Morris Weslosky and T. D. Sale to said bank"; that they, by taking possession of the stock, fixtures, etc., after such notice, waived the giving of any other notice to the bank of the completion and acceptance of the inventory, and authorized said bank to pay the amount shown by said certificate of deposit, without further notice upon their part; that Weslosky and Sale are still in possession of the business; that the money represented by the certificate of deposit was a part of the purchase price of this business; that the taking possession of the business was an acceptance of the inventory by Weslosky and Sale; that on Aug. 3, 1905, petitioner drew its draft on defendant for the amount represented by the certificate of deposit, attaching the certificate to the draft, and the bank failed and refused to pay the draft or honor the certificate of deposit; that before filing this petition plaintiff made formal demand on defendant for the amount represented by the certificate, accompanying the demand by a draft for that amount, and offering to surrender the certificate of deposit, and that the bank, in response to this demand, refused "to honor such draft or to cash such certificate of deposit." The defendant filed a general demurrer to the petition, and also a special demurrer to certain paragraphs, as failing to allege that the conditions of the certificate of deposit had been complied with, "in this, to wit: that Morris Weslosky and T. D. Sale had given notice to this defendant of the completion and acceptance of the inventory of the Sale-Davis branch of the C. M. Shivers Drug Company." On the call of the case at the appearance term, after argument of counsel for the defendent, and in the absence of the plainttiff's counsel, the presiding judge sustained both the general and the special demurrers. The plaintiff excepted.

EVANS, *J.*: A certificate of deposit issued by a bank, certifying that the depositor had deposited a stated sum of money subject to his order, is the equivalent of a promissory note payable on demand. (Lynch vs. Goldsmith, 64 Ga. 42.) Where the certificate of deposit recites that the money is deposited to the credit of a third person subject to the check of such third person, and no control over it is reserved to the depositor, it is equivalent to a promise by the bank to pay such third person upon presentation of the certificate of deposit. The recital that a particular person made the actual deposit of the money to the credit of another does not alter the legal character of the certificate, but amounts to a mere statement of the source from which the bank received the money. In such a case the beneficiary of the deposit is the payee, who may maintain an action against the bank for an unwarranted refusal to pay him the funds deposited to his credit. But, if the bank in its certificate of deposit stipulates with the depositor that the money is received on deposit to the credit of a third person, and subject to the check of such third person on certain conditions, the promise of the bank to pay such third person is not absolute, but depends upon the contingencies expressed in the certificate. We are not concerned at present with the relative rights and liabilities of Weslosky and Sale to the bank. The payee of the certificate is the party seeking to compel the bank to pay the money to it. Before it can recover the money, it must allege and prove that it is entitled to receive the same. An undertaking to pay a definite sum of money on demand provided a certain act is done is not enforceable until the condition on which the money is payable has been performed. (Baker vs. Tillman, 84 Ga. 401, 11 S. E. 355.)

The bank engaged to hold this money subject to the check of the plaintiff on two conditions: (1) On the completion of the inventory of the Sale-Davis branch of the C. M. Shivers Drug Company; (2) "notice of the completion and acceptance of the inventory to be given the First National Bank by Morris Weslosky and T. D. Sale." Treating the certificate of deposit as the equivalent of a promissory note by the bank as maker to the drug company as payee, the bank is only liable thereon upon the performance of the conditions therein named. The petition alleged that "the conditions of said certificate of deposit have been fully complied with," and this allegation was met by a special demurrer calling for a specific allegation that the conditions precedent to its liability had been performed in the manner stipulated. The bank was not liable until Weslosky and Sale notified it of the completion and acceptance of the inventory of the Sale-Davis branch of the C. M. Shivers Drug Company. It was entitled to a specific allegation in the petition of every essential fact upon which its liability to the plaintiff depended. The giving of the notice was one of the essentials of liability, and the plaintiff was bound to allege it when called for by special demurrer. The other allegations of the petition do not excuse the giving of the notice. It may be that Weslosky and Sale arbitrarily or without sufficient reason refused, or negligently failed, to give this notice to the bank. If this be true, the plaintiff in an appropriate proceeding against Weslosky and Sale might secure a judgment or decree compelling them to give the notice so as to render the bank liable to the drug company on its certificate. But the bank cannot be forced in a proceeding where Weslosky and Sale are not parties, and where they would not be bound by the judgment, to litigate this matter with the plaintiff. The bank is sought to be held liable on its own obligation, and it is entitled to an allegation of all the essential elements necessary to impose liability by the terms of its obligation. This ground of the special demurrer was therefore properly sustained.

Judgment affirmed. All the Justices concur, except Fish, *C. J.*, absent on account of sickness.

DEPOSIT IN BANK—TRUST—ATTACHMENT AGAINST TRUSTEE—CHECKS—PAYMENT.

Cunningham vs. Bank of Nampa.

Supreme Court of Idaho, February 20, 1907.

Where one deposits money in a bank as "attorney" and the same is attached by a sheriff in an action for a debt against the depositor, the bank is relieved of liability in paying the money to the officer, if it had no knowledge or information as to the character and ownership of the fund, except by the designation mentioned, after the name of the depositor; but if it holds the fund when it learns of the true and beneficial ownership therein, then it becomes its duty, as soon as the ownership and right of possession is established, to pay the money to the depositor on his demand.

Ailshie, *C. J.:* This action was instituted by the plaintiff, Richard Cunningham, as trustee for a number of persons named in the complaint, against the Bank of Nampa, Limited, a corporation, J. C. Nichols, Sheriff of Canyon county, and the United States Fidelity & Guaranty Company, a corporation, bondsman for the sheriff, to recover the sum of $913.24, the amount of damages claimed to have been sustained by the *cestuis que trustent*. The defendants demurred to the complaint and the demurrer was sustained. Plaintiff thereupon appealed from the judgment. The facts disclosed by the complaint are substantially as follows:

That Richard Cunningham is an attorney at law, and, as such, has collected the money sought to be recovered from different persons on notes and accounts in favor of his several clients, for whom he was acting as agent or trustee in the collection and transmission of the proceeds of the several notes and accounts. He alleges that he had an account with the defendant bank in which he deposited all the moneys collected by him for his clients in the name of "Richard Cunningham, Atty." It is alleged that this was a special account of trust funds against which he checked in payment of the various clients whose moneys he had therein deposited. It is charged that the bank had knowledge and notice of the nature and character of the fund thus deposited, and that the same was not the money or property of Cunningham. During this time, while the money was still in the bank, one Henry W. Leman, who held a judgment against Cunningham in the state of Nebraska, brought an action on such judgment in Ada county, Idaho, and caused a writ of attachment to be issued against the property of Cunningham, and delivered that writ to the sheriff of Canyon county, who served it on the defendant bank, and attached the fund and account therein held in the name of "Richard Cunningham, Atty." Plaintiff, Cunningham, thereafter demanded in the name of his alleged *cestui que trustent* the delivery of the money theretofore deposited, and upon which the writ of attachment had been levied. The bank refused to turn over the fund, and a like demand was made of the sheriff, who also refused, and thereupon this action was commenced. The bank demurred to the complaint, on the ground that it does not state facts sufficient to constitute a cause of action. Nichols and the guaranty company demurred, upon the ground that the complaint does not state facts sufficient to constitute a cause of action, and also upon the ground that there was a misjoinder of parties defendant, in that the bank was not a proper party defendant in the action. The demurrers were sustained, and judgment was entered in favor of the defendant.

The only question to be determined by us is: Does the complaint state a cause of action? For the purposes of determining the question before us, all the material allegations of the complaint must be taken as true. It is a fundamental principle both of law and justice that the debtor's property, and his property alone, is liable for the payment of his debts. It is conceded that Cunningham was indebted to the attaching creditor. If the money and account in the defendant bank was the property of Cunningham, it was unquestionably liable for the payment of his debt and subject to attachment therefor. If it was not his money and property, it is equally clear that it was not liable for his debt. If Cunningham after collecting this money had taken it in kind as collected to the bank, for the purpose of purchasing drafts to his several clients for remittance to them, and while the money was on the bank counter and prior to the receipt of the draft and delivery of the money to the bank, it had been attached by the sheriff, it would not have been seriously contended, we apprehend, that the money could be held under this attachment for the payment of a debt owed by Cunningham. The deposit of the money by Cunningham with the bank could give him no better title to it than he had before the deposit, and certainly an attaching creditor cannot through his attachment process acquire any better title to the property than the debtor has. Thomas v. Hillhouse, 17 Iowa, 67.

Some confusion has been injected into the case by reason of a discussion as to the liability of the bank to pay the fund to Cunningham upon his check. The word "Atty." after the name of "Cunningham," as the account was entered in the bank, was a mere *descriptio personae,* and did not serve in any manner to disclose the name of his principals or the *cestuis que trustent;* and as between Cunningham and the bank, it was unquestionably the duty of the bank to pay the money to Cunningham upon his demand or the presentation of his check at any time prior to the service of the writ of attachment. It is also equally clear that if the bank had no actual knowledge of the trust relation existing and the character of the fund so deposited, it would have been fully justified in paying the money over to the sheriff upon the service and levy of the writ of attachment. If it should appear that the bank did so, and that it had no other knowledge or information as to the character and ownership of the fund except the designation of "Atty." after the name of the depositor, it will have established a complete defense to the action and would be entitled to release and discharge from further liability. But the question as to the liability of the bank to Cunningham personally, and of the relation the bank itself sustained toward the fund, cannot be taken as the test of responsibility in the present action. The plaintiff in this action sues, not in his individual capacity, but as trustee for the several clients interested in the fund. He alleges that he has no interest in the money and account other than that of transmitting and delivering the same to his several clients in the amounts designated in his complaint. If previous to the demand and the commencement of this action, the bank had in good faith parted with the fund in the due course of legal proceedings and under the belief and understanding that the money was the property of Cunningham, as it would have had a right to believe, in view of the nature of the deposit, then, and in that case, its liability had ended; but if it still holds the fund at the time it is notified of the true and beneficial ownership therein, as soon as that ownership and right of possession is established, it will become the duty of the bank to pay the money in accordance with the true state of facts and condition of the fund.

It has been argued that the bank was improperly joined as a party defendant. We do not think this ground of demurrer well taken for the reasons above stated.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

NOTE—PRESENTMENT AFTER MATURITY—HOLDING INDORSER.

HOUSTON, Tex., August 26, 1907.

Editor Bankers' Magazine:

SIR: Through the mistake of a clerk, a note indorsed by A and discounted by this bank, was not presented for payment until the day after maturity, when it was protested for non-payment. Two days afterwards, the runner of the bank took the note to A, who promised to pay the same. Can A be held as indorser? CASHIER.

Answer.—It is well settled that where the drawer of a bill or indorser of a note has been discharged by the holder's laches, and then, with full knowledge of all the facts constituting such discharge, promised to pay the same, he thereby waives such laches and renders himself liable. (Thornton vs. Wynn, 12 Wheat. 183; Matthews vs. Allen, 16 Gray, 594; Third Nat. Bank vs. Ashworth, 105 Mass. 503; Trimble vs. Thorne, 16 Johns., 152; Ross vs. Hurd, 71 N. Y. 14.) But in such case it is necessary for the holder to show that the indorser knew that the paper had not been properly presented, or the other facts operating to effect his discharge. (Low vs. Howard, 10 Cush. 159; Kelley vs. Brown, 5 Gray, 108; Fotheringham vs. Price's Ex'rs., 1 Am. Dec. 618; Trimble vs. Thorne, 16 Johns., 152; Edwards vs. Tandy, 36 N. H. 540; Tickner vs. Roberts, 30 Am. Dec. 706; U. S. Bank vs. Southard, 17 N. J. Law, 473; Commercial Bank vs. Perry, 43 Am. Dec. 168; New Orleans S. Bank vs. Harper, 43 Am. Dec. 226; Hunt vs. Wadleigh, 26 Me. 271; Walker vs. Rogers, 40 Ill. 278; Freeman vs. O'Brien, 38 Iowa, 406; Lilly vs. Petteway, 73 N. C. 358; 3 Rand. Com. Paper, §1378; 2 Daniel Neg. Inst. §1149.) In the case mentioned in the inquiry, A will be deemed to have waived the objection that presentment was not made on the proper day, provided the bank can show that he knew this fact at the time he made the promise.

CHECK—PAYMENT TO OTHER THAN THE PAYEE.

CLEVELAND, Ohio, August 19, 1907.

Editor Bankers' Magazine:

SIR: In a town near to this city there are two men of the name of G. S. T. One of these is a man of some property and well known to the community, while the other is of no responsibility. One of our customers draws a check to G. S. T. and sends it by mail, intending it for the first-mentioned person of that name, but the other man gets it, indorses his name on it, and gets it cashed by a saloon-keeper, who afterwards deposits it in his bank, which collects the amount thereof from this bank. Please answer whether this was forgery on the part of the person who indorsed the check. CASHIER.

Answer.—Yes. In the leading case of Mead vs. Young (4 Term Reports, 28) a bill of exchange was drawn payable "to Henry Davis, or order," and having got into the hands of another Henry Davis than the one in whose favor it was drawn, was indorsed by him, and discounted by the plaintiff. Buller, *J.*, said: "I have no difficulty in saying that this H. Davis, knowing that the bill was not intended for him, was guilty of a forgery, for the circumstance of his bearing the same name with the payee cannot vary this case, since he is not the same person." And

Grose, *J.*, said: "That this was a forgery cannot be doubted, if we consider the definition of it, which is, the false making of any instrument, indorsement, etc., with intent to defraud. It makes no difference whether the person making this false indorsement were or were not of the same name with the payee, since he added the signature of H. Davis with a view to defraud, and knowing that he was not the person for whom the bill was intended." So, in the case of United States vs. Long (30 Fed. Rep. 178) where a money order had been indorsed by a person of the same name, the court said: "If this money order had been payable to John A. Long and it came by mistake of the mails or otherwise to the hands of the prisoner, John A. Long, who, knowing it was not intended for him but for another John A. Long, indorsed it, or signed the receipt for it, with the fraudulent purpose to get the money on it, he would be guilty of forgery. . . . If the accused falsely represented himself to be the payee of the money order, it is a circumstance tending to impeach his good faith, and such representation may be as well effected by acts as by words. Thus, if he presented himself before the paying official, and, presenting the order, signed it as if he were the person for whom it was intended, he would as well defraud as by declaring that he in truth was the payee." And it has been held that if there are two persons of the same name, and one of them signs that name to notes with the intention that the notes may be used in trade, as the notes of the other, it is a forgery. (Barfield vs. State, 29 Ga. 127).

PROTEST OF NOTE.

Corydon, Ind., Sept. 5, 1907.

Editor Bankers' Magazine:

Sir: Please give us our legal rights on the following facts as to the protest of promissory notes. The maker of a note stamps with a rubber stamp on the face of the note at the time he executes it the words "no protest." A bank in Missouri sends the note to this bank, at which the note is payable, with instructions to protest the note if not paid at maturity. Ought we to protest the note as directed by the sending bank, or not protest it according to the terms of the note itself?

Corydon National Bank.

Answer.—The proper course is to follow the directions of the bank remitting the paper. Even though protest is not necessary to hold the indorsers, the notary's certificate will afford the most convenient evidence that the note has been presented for payment and dishonored. The fact that the parties have waived protest does not preclude the holder from protesting the paper if he sees fit; and there may be good reasons for protesting notwithstanding the waiver, as, for example, obviating the necessity for proving that the waiver was put upon the instrument by the party himself or by his authority.

FAILURE TO PRESENT NOTE ON DAY OF MATURITY.

MILWAUKEE, Wis., August 31, 1907.

Editor Bankers' Magazine:

SIR: Please answer the following question through your MAGAZINE. A note is sent to us for collection bearing the indorsement of A, and through some mistake the note is not presented on the day of maturity, but on the day afterwards. Now, A is a person of no financial responsibility. If he should defend upon the ground that the note was not presented on the proper day, would we be liable for the full amount of the note?

CASHIER.

Answer.—The amount of damages which the customer may recover of the collecting bank for failure to properly perform its duty as collecting agent is the actual loss which he has sustained. *Prima facia,* this loss is the amount of the note, but the bank may show that the whole amount has not been lost to the holder. The bank may mitigate the damages by showing either the solvency of the maker or the insolvency of the indorser, or that the paper was partially or wholly secured, or any other fact that will lessen the actual loss to the owner of the paper. (First National Bank of Meadville vs. Fourth National Bank, 77 N. Y. 320; Barup vs. Nininger, 5 Minn. 525.)

PIETY AND PROFIT COMBINED.

THE following appeared in a Hartford, (Ct.) dispatch to the "New York Times" under date of Sept 3. It sounds almost too good to be true:

"The controversy over the question whether Cotton Mather of Boston entered into a plot to capture William Penn and the first colony of Quakers and sell them as slaves in the Barbados has been settled, it is said, by the finding of the letter from Mather to John Higginson of Newport.

The document in the possession of George A. Reynolds, Clerk of the Fire Board of this city, shows that the letter of Cotton Mather was as follows:

'BOSTON, Sept. ye 15th, 1682.

To ye Aged and Beloved John Higginson.

There be at sea a shippe called 'Ye Welcome,' R. Greenaway Master, which has aboard an hundred or more of ye heretics and malignants called Quakers, with W. Penne, who is ye chief scampe, at the head of them. Ye General Court has accordingly given secret orders to Master Malachi Huxett of ye brig Propasse to waylaye sed 'Welcome' as near ye coast of Codde as may be and make captive ye said Penne and his ungodly crewe so that ye Lord may be glorified and not mocked on ye soil of this new countre with ye heathen worships of these people.

Much spoyle may be made by selling ye whole lot to Barbados, where slaves fetch goode prices in rumme and sugar, and shall not only do ye Lord great service in punishing the wicked, but we shall make great good for his ministers and people. Master Huxett feels hopeful, and I will set down ye news when his shippe comes back. Yours in ye bowels of Christ,

COTTON MATHER."

AMERICAN BANKERS' ASSOCIATION.

PROGRAMME OF THIRTY-THIRD ANNUAL CONVENTION TO BE HELD AT ATLANTIC CITY, N. J., SEPTEMBER 24, 25, 26 AND 27.

*ORDER OF PROCEEDINGS.

(Subject to change by vote of the Executive Council, or by vote of the Convention.)

FIRST DAY, WEDNESDAY, SEPTEMBER 25, 1907.

Convention called to order at 10 o'clock a. m., by the President, Mr. G. S. Whitson.

Prayer.

Address of welcome by His Excellency Edwin C. Stokes, Governor of New Jersey.

Reply to address of welcome and annual address by the President, Mr. G. S. Whitson.

Annual report of the Secretary, Mr. James R. Branch.

Annual report of the Treasurer, Mr. A. A. Crane.

Report of the Auditing Committee.

Report of the Executive Council by the Chairman, Mr. G. M. Reynolds.

Report of the Protective Committee.

Report of Committee on Uniform Laws by the Chairman, Mr. E. D. Keys.

Report of the American Institute of Banking by the President, Mr. E. D. Hulbert.

Report of the Committee on Bills of Lading by the Chairman, Mr. Lewis E. Pierson.

Report of Committee on Uniform Warehouse Receipts by the Chairman, Mr. A. H. Curtis.

Report of Standing Law Committee by the Chairman, Mr. Wm. J. Field.

Report of Committee on Certification of Municipal Securities by the Chairman, Mr. Jos. G. Brown.

Report of Committee on Express Companies by the Chairman, Mr. Fred I. Kent.

Practical Banking Questions.

I. Address by His Excellency Claude Swanson, Governor of Virginia.

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*For programme of the Savings Bank Section, to be held September 24, see Savings Bank Department of The Bankers' Magazine.

The programme of the Trust Company Section will be found in our Trust Company Department.

II. Address by Herrn Kommerzienrat Moritz Leiffmann zu Dusseldorf, delegate from the Centralverband des Deutschen Bank und Bankiergewerbes.

III. Address by Mr. William S. Witham, of The Witham Banks, Georgia.

Roll Call of Vice-Presidents.

The vice-presidents who attend the convention are personally requested to reply with five-minute speeches, telling of the business conditions in their States and Territories.

SECOND DAY, THURSDAY, SEPTEMBER 26, 1907.

Convention called to order at 10 o'clock a. m. by the President, Mr. G. S. Whitson.

Prayer.

Announcements.

Practical Banking Questions.

(Discussion limited to thirty minutes for each topic; open to all delegates under the five-minute rule; time to be extended by unanimous consent.)

IV. Report of the Currency Commission by the Chairman, Hon. A. Barton Hepburn.

V. Discussion of the report of the Currency Commission and the Currency, in which delegates are invited to participate.

VI. A review of the Currency Commission's report and other suggestions, by Hon. Chas. N. Fowler, Chairman Committee on Banking and Currency.

THIRD DAY, FRIDAY, SEPTEMBER 27, 1907.

Convention called to order at 10 o'clock a. m. by the President, Mr. G. S. Whitson.

Prayer.

Practical Banking Questions.

(Discussion limited to thirty minutes for each topic; open to all delegates under the five-minute rule; time to be extended by unanimous consent.)

VII. Address—OUR PRESENT AND FUTURE PROSPERITY, by Mr. M. E. Ingalls, President Merchants' National Bank, Cincinnati, Ohio.

VIII. Address—SOME EVERGREEN TOPICS, by Mr. Jno. T. P. Knight, Secretary Canadian Bankers' Association.

Continuation of discussion of practical banking questions.

Unfinished business.

Report of Committee on Nominations. Elections.

Installation of officers elected.

TRUST COMPANY SECTION.

The convention of this Section will be held in the North Solarium of the Marlborough-Blenheim Hotel at 10 o'clock, a. m., September 24, 1907.

SAVINGS BANK SECTION.

The convention of this Section will be held in the South Solarium at the Marlborough-Blenheim Hotel at 10 o'clock, a. m., September 24, 1907. Headquarters at the same place.

CLEARING HOUSE SECTION.

The convention of this Section will be held at the Marlborough-Blenheim Hotel, September 24, 1907, at a convenient hour, which will be announced later.

There will also be a meeting of the Organization of Secretaries of the State Bankers' Associations during the evening of September 24th.

A list of hotels and prices has been sent to each member. Duplicates will be furnished on application to Geo. S. Lanhart, Secretary-Director, Atlantic City Bureau of Information.

All delegates should secure hotel accommodations in advance. Write *direct* to any of the hotels, stating requirements explicitly, number of rooms desired, number of persons who will occupy same, American or European plan, rate willing to pay per day, and date of arrival in Atlantic City. State also name and address of each person for whom quarters are desired. There will be no difficulty in securing the necessary accommodations if the above directions are observed.

Upon registering at headquarters, delegates will be presented with credentials. *The official enamelled pin should be worn conspicuously during entire convention to obtain all of the courtesies extended to delegates.*

REGISTRY ROOMS.

The attendance at our conventions has become so large that your attention is respectfully called to the rule adopted by the Executive Council:

"Each member of the Association can be represented by one delegate, as per the Constitution, and such delegate is authorized to bring one guest, if a member of his family or some one connected with his bank; any other guest is required to pay ten dollars for the privileges of the Convention."

Members of the local committee will be in constant attendance. Also for the convenience of the members, competent stenographers, well-informed clerks, and a corps of messenger boys will be provided.

The Western Union Telegraph, Postal Telegraph, and the Telephone Companies have kindly extended the complimentary use of their wires for social messages.

ENTERTAINMENTS.

TUESDAY, SEPTEMBER 24, P. M.

Roller chair parade on the board walk for delegates and visitors.

WEDNESDAY, SEPTEMBER 25.

Reception and grand ball at the Marlborough-Blenheim Hotel from 9 to 12 p. m.

Thursday, September 26.

An afternoon at the Inlet, after the business sessions of the Association.

Commencing with a clam bake, after which there will be a professional game of baseball, trips on ocean-going yachts, freedom of the Inlet pavilions, and Atlantic City Yacht Club.

Thursday Evening, September 26.

Go-as-you-please, including complimentary freedom of the Piers, with their numerous forms of amusements.

Friday, September 27.

A musical treat in the form of a concert on the Steel Pier, 8.15 p. m. to 10 o'clock.

After the concert there will be a high-class cake-walk, in which the best-known performers will participate.

The courtesies of the Atlantic City Yacht Club and Country Club will be extended during the entire meeting to members and their families. Those playing golf at the Country Club will only pay the greens charge and caddies' charge.

REDUCED RAILROAD RATES TO THE CONVENTION.

Reduced rate of fare and one-third has been granted on the certificate plan, *i. e.*, full fare going and one-third fare returning, by the following Passenger Associations:

Trunk Line Association, with the exception of West Virginia.

New England Passenger Association, with the exception of the Eastern Steampship Company.

Southeastern Passenger Association.

Eastern Canadian Passenger Association.

AN IMPORTANT QUESTION.

IN an address delivered a short time ago Sol Wexler, vice-president of the Whitney-Central National Bank, New Orleans, said:

"There is no question now awaiting the solution of the American people so important to our continued prosperity and progress as the adoption of a broad and sound financial and currency system. Nor will this problem ever be rightly solved until the bankers take it up seriously, unselfishly and patriotically. Otherwise, in the midst of some commercial cataclysm, surpassing in its ruins the fears of any man, it may be partially solved; or our condition in case of some stupendous war may be made even worse than it now is. Never was a duty clearer. Never was its importance more urgent than now. Will you enlist voluntarily now, or wait until you are drafted by your country's commercial misfortune?"

AMERICAN INSTITUTE OF BANKING.

FIFTH ANNUAL CONVENTION AT DETROIT.

FROM every point of view the Fifth Annual Convention of the Associated Chapters of the American Institute of Banking held at Detroit, Mich., August 22, 23 and 24 was a pronounced success. The attendance was large and representative, the interest manifested in the proceedings was deep and continuous, while the entertainment features were planned and carried out in a manner that reflected great credit on the members of Detroit Chapter and highly pleased everybody who shared in this delightful part of the programme.

One could not help being impressed with the business-like nature of the convention's proceedings. No time was wasted by tedious routine reports. After a single brief but appropriate address of welcome by B. F. Weadock, assistant corporation counsel of Detroit, the convention began work at once, with Fred A. Crandall of the National City Bank, Chicago, presiding.

The first paper was by L. E. Wakefield of the Northwestern National Bank, Minneapolis. Mr. Wakefield criticized the present methods of examining national banks, and suggested that hereafter the examiners should be chosen from among the members of the American Institute of Banking, selections being made by competitive appointment.

Clay Herrick of the Cleveland Trust Company, and a trustee of the Institute, made a stirring address, which was well received. After reviewing the work and purposes of the Institute, he made a vigorous defense of President Roosevelt's policy in regard to the great corporations, and judging from the applause that followed his remarks, they evidently reflected the opinion of a majority of those present. Mr. Herrick is one of the popular members of the Institute, and his address at Detroit was one of the notable features of the convention there. He was followed by G. G. Fischer of the Milwaukee National Bank with a paper on "Entertaining Angels Unawares; or, How the Small Account May Become Valuable." Mr. Fischer's paper showed that he had given careful attention to the importance of cultivating the account of the small depositor—something that is too often overlooked in the race that many banks are running after large figures.

H. J. Guckenberger, of the Atlas National Bank, Cincinnati, read an interesting and instructive paper on "Personality in Banking," pointing out the personal qualities that contribute to success in banking. Mr. Guckenberger has given much thought to banking education, and his paper was one of solid merit.

The departmental discussion, conducted by Franklin L. Johnson of the Mercantile Trust Company, St. Louis, developed much useful in-

CONVENTION OF THE AMERICAN INSTITUTE OF BANKING AT DETROIT.—GROUP OF DELEGATES AND GUESTS.

formation in regard to the credit department, filing letters, collections, remittance letter forms, etc.

At the second day's session the following papers were read: "Time, the Young Man's Capital," F. H. Johnson, president Peninsular Savings Bank, Detroit; "Value of Bank Examinations by a Committee of Its Clerks," Milton L. Wicks, Bankers' Trust Company, New York; "The Banking Profession and Its Future Problems," O. M. Stafford, secretary and treasurer Woodland Savings and Trust Co., and Broadway Savings and Trust Co., Cleveland, O.; "What China's Awakening Will Mean to the United States," W. F. Paull, Seattle, Washington; "The Commercial Value of the Panama Canal to the United States," George H. Keese, Merchants' National Bank, Richmond, Va.; "The Credit Department," W. M. Rosendale, Market and Fulton National Bank. New York.

The afternoon of the second day was devoted to a steamboat excursion on the Detroit River and Lake St. Clair to the St. Clair Flats, and in the evening the inter-city debate took place on the steamer, the subject being, "Resolved, That the commercial development of the age has been detrimental to the highest interests of the people." This proposition was affirmed by Duncan G. Bellows of the Mutual Bank, Chicago, and Wm. S. McCormick of the People's State Bank, Detroit. Harry V. Haynes of the Riggs National Bank, Washington, and Raymond B. Cox of the First National Bank, Baltimore, took the negative side.

After listening to the eloquent and forceful arrangements of both sides, the judges were unable to see that the highest interests of the people had been injured by the commercial development of the age, at least so far as the arguments presented had shown, and therefore gave their decision in favor of the negative.

The debate showed that the Chapters have some good speakers—men who have opinions and know how to express them.

The third day was devoted to committee reports and to the election of officers. A. W. Morton of the Eutaw Savings Bank, Baltimore, and B. S. Raplee of the Union National Bank, Cleveland, were the leading candidates for president, Mr. Morton being successful. Roy L. Stone of the First National Bank, Milwaukee, and H. J. Guckenberger of the Atlas National Bank, Cincinnati, were placed in nomination for vice-president, Mr. Stone being elected. Irving H. Sanborn of the American National Bank, San Francisco, was elected treasurer, and Samuel J. Henry of the National Savings and Trust Co., Washington, recorder. Frank M. Polliard of the Real Estate Trust Co., Pittsburg, was elected a trustee of the Institute to fill a vacancy. The following group chairmen were chosen: George H. Keese, Merchants' National Bank, Richmond, Va.; Alfred T. Hunt, First National Bank, Scranton, Pa.; H. J. Guckenberger, Atlas National Bank, Cincinnati; L. E. Wakefield of the Northwestern National Bank, Minneapolis; C. S. Harley, Seattle.

Providence was selected as the place for holding the convention next year, getting 171 votes to 129 for Pittsburg.

A. W. MORTON,
President.
(Eutaw Savings Bank, Baltimore, Md.)

R. L. STONE,
Vice-President.
(First National Bank, Milwaukee, Wis.)

SAMUEL J. HENRY,
Recorder.
(National Savings and Trust Co., Washington, D. C.)

IRVING H. SANBORN,
Treasurer.
(American National Bank, San Francisco, Cal.)

NEW OFFICERS OF THE AMERICAN INSTITUTE OF BANKING.

THE BIG FOUR AT DETROIT.

(Morton, Crandall, Havens, and Raplee.)

On Saturday evening, August 24, the convention closed with a banquet at Harmonie Hall, Hon. Edwin Denby of Detroit acting as toastmaster. Toasts were responded to as follows: "America: A Land of Opportunities for Young Bankers," J. C. Monaghan, one time Professor in University of Wisconsin, late Chief of Division of Consular Reports, Department of Commerce and Labor; "Our Future," Col. J. J. Sullivan, president Central National Bank, Cleveland; "Prepare," John Williams, Assistant Cashier State Savings, Loan and Trust Co., Quincy, Ill.; "Ideal

Bankers," E. E. Durham, Manager Onarga Bank, Onarga, Ill., ex-president Illinois State Bankers' Association; "The Institute Microbe," Ralph C. Wilson, Assistant Cashier Bankers' National Bank, Chicago, ex-president Chicago Chapter.

Besides the banquet, which was the prominent social feature of the convention, there were excursions to the various points of interest, including the beautiful Belle Isle Park, the St. Clair Flats, etc. An interesting visit was also paid to the factory of the Burroughs Adding Machine,

CHAS. R. TALBOT.
Chairman Detroit Reception Committee.

where special courtesies were shown. The ladies attending the convention were given a theatre party and were otherwise suitably entertained.

The serious work of the convention was admirably conducted, and proved beyond a doubt that the educational work which is the chief object of the American Institute of Banking is bearing good fruit. In its lighter aspects—those relating to pleasure and to the formation and renewal of acquaintanceships—the Detroit meeting was most agreeable.

Government of the Institute.

The government of the Institute at present consists of a board of fifteen trustees, who are elected by the members of the Institute, a self-perpetuating body of about twenty-five men, who were originally appointed by the Educational Committee of the American Bankers' Association.

This method of government was designed to be temporary, the intention being to make the Institute, in course of time, a self-governing body. Soon after the organization began its practical work, it developed that the chapters, or local units, of the Institute, which were expected to be only a part of the general organization, had become in every respect the principal part, and that the plan of government must in fact take

FREAS BROWN SNYDER,
Chairman National Educational Committee, American Institute of Banking.
(Merchants' National Bank, Philadelphia.)

into account the chapters as forming practically the whole body of the working force of the Institute. Since the annual conventions of chapters were begun, in 1903, plans for self-government have centered mainly about the chapters, and in 1906 an organization known as The Associated Chapters of the American Institute of Banking was formed. At the same time the trustees recognized the chapters by inviting the associated chapters to name three of the trustees. At their meeting in May, 1907, the trustees voted to turn over the government of the Institute wholly to the associated chapters, arranging to organize those not directly connected with local chapters into a Correspondence Chapter, thereby making the chapter organization universal. A joint committee of the associated chapters and the board of trustees was appointed to agree upon a form of constitution for the Institute, and the constitution approved by them was presented to the convention at Detroit. Some amendments were made by the convention, and the constitution as it now stands approved by the associated chapters will be presented to the trustees at a meeting to be held at Atlantic City on September 23, and by the trustees will be presented to the American Bankers' Association. Under this constitution, as under the present arrangement, the financial support of the Institute is to come mainly from the American Bankers' Association; and some connection between the two organizations will doubtless be provided, but its exact nature has not yet been determined.

FRANK M. POLLIARD.
Trustee American Institute of Banking.
(Real Estate Trust Company, Pittsburgh.)

Points From The Addresses.

H. J. Guckenberger, Atlas National Bank, Cincinnati: . . . Such truths in and of themselves lend most forcible, most convincing proof to the world that the salvation of our country, its continued prosperity and supremacy, rest in no small measure upon the opportunities offered in higher commercial education; that the banking profession is pre-eminently qualified to take the initiative in the movement for the general extension of higher commercial education; that a broad education not alone along the lines of banking but also along the lines of a personal insight into the principles of every commercial pursuit, must be a prerequisite to a great successful personality of value in the profession.

W. F. Paull of Seattle: Let me impress it upon you gentlemen that we of the United States stand closer to China in every respect than any other nation. It only remains with us to exercise great care and good

E. P. VANDERBERG,
President Detroit Chapter.
(National Bank of Commerce, Detroit.)

WM. T. McFAWN,
Assistant Chairman Reception Committee.
(State Savings Bank, Detroit.)

C. J. HIGGINS,
Chairman Finance Committee.

H. J. GUCKENBERGER,
(Atlas National Bank, Cincinnati, Ohio.)

EDMUND S. WOLFE,
Chairman Press Committee.
(American National Bank, Washington, D. C.)

WALTER G. TOEPEL,
Ch. Electric Park Entertainment and Automobile Ride.
(Michigan Savings Bank, Detroit.)

judgment in all our future relations with her in order to benefit in the largest degree by her wonderful development.

Let us be careful how we handle the Exclusion Act. Let us treat the Chinese with the illuminating past of the Japanese people before us. Let us treat the Chinese with humanity, tact and discretion. Let us realize that each individual in that broad empire has a soul. Let us conceive of them as men like ourselves with capacities for good and evil, yet ever amenable to the civilizing influences of Christianity. Let us help them in their endeavor to lift themselves from their obscure and antiquated past into a newer and brighter social and commercial future. If we do these

CONVENTION HEADQUARTERS.—HOTEL CADILLAC, DETROIT.

things our nation cannot from the standpoint of natural or divine law, fail to reap the fruit of their commercial and social elevation and advancement.

L. E. Wakefield, Northwestern National Bank, Minneapolis: The present system of national bank supervision is inadequate and ineffective. And while the ponderous brain of the American Bankers' Association is busy discussing the advantages and disadvantages of asset or credit currency, it might be well for the American Institute of Banking to devote itself to an attempt at bringing about some much-needed and beneficial changes in our methods of bank supervision. Our organization is made up of men competent to suggest reform in this line. We know, as does everyone, that present methods of appointing examiners should be discontinued, and all vacancies filled by experienced and competent bank men selected from the membership of the American Institute of Banking by competitive examination. Examiners should receive an annual salary instead of fees, and the number of men in the service must be materially increased in order to secure the best results.

Clay Herrick, Cleveland (Ohio) Trust Company (speaking of President Roosevelt's policy toward the great corporations that have violated the laws): It is not a fight between capital and labor, between the rich and the poor, or between the classes and the masses. It is a war of extermination between the honest individual and honest corporation on one

CAMPUS MARTIUS, DETROIT.

side and the dishonest individual and corporation on the other. The initiative was started by President Roosevelt and it must not stop until the rascally corporation, the thieving individual, the dishonest men in high places are eliminated.

G. G. Fischer, Milwaukee National Bank: The small account can be made profitable to the bank at almost every turn if you know how to handle it to your advantage. The small business man is more willing to pay a high rate of interest on a loan. He is not strenuously opposed to a charge of exchange on outside points. He can be more readily moulded;

GRISWOLD STREET, DETROIT.

in other words, he is more receptive to advice from his banker in conducting his affairs than his competitor of larger resources. The losses suffered by banks from this class of customers have never yet caused the ruin of any institution.

Col. J. J. Sullivan, president Central National Bank, Cleveland: It is said that J. Pierpont Morgan recently wanted to get a superintendent for a certain new department that he had established. He thought he knew the man for this superintendency—an assistant to one of his colleagues. He sent for the colleague and said:

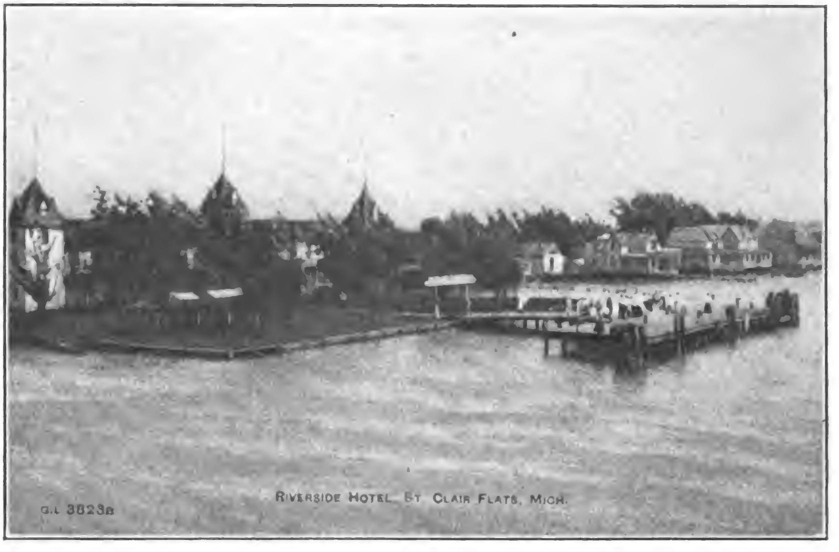
POLICE STATION, BELLE ISLE PARK.
(Nothing doing for the Bank Clerks.)

"I am getting up, you know, a certain new department. I shall want a new superintendent. I think Brown, in your office, would fill the place very well indeed."

"I am sure he would," said the other. "The only trouble is, Mr. Brown can't be spared."

Mr. Morgan's eyes lit up, and he smiled. "I don't want a man that can be spared," he said.

Milton L. Wicks, Bankers' Trust Company, New York: An institution that stands out against an examination by a committee of its clerks



ALONG THE ST. CLAIR FLATS.

would be on a par with the railroad that refused to install a block system, and justified its act in the time of calamity by maintaining that the chief preventive lay in the choice of the engineer.

NOTES.

—There was some compensation in the contest for the presidency—Raplee got the most applause but Morton got the most votes.

—It looked like "Pittsburg 1908" until the votes were counted.

—Providence will have to hustle to "make good" after Detroit.

—There are nearly 7,000 members of the American Institute of Banking, made up as follows: Appleton, Wis., 32; Atlanta, 8; Baltimore, 504; Black Hills, 12; Brooklyn, 89; Buffalo, 37; Cedar Rapids, Iowa, 42;

BOATING ON THE CANAL, BELLE ISLE PARK.

Chicago, 1,119; Cincinnati, 183; Cleveland, 193; Columbus, 17; Davenport, Iowa, 51; Decatur, Ill., 18; Denver, 11; Des Moines, Iowa, 58; Detroit, 176; Fond du Lac, Wis., 34; Hartford, Conn., 140; Hastings, Neb., 24; Head of the Lakes, 62; Indianapolis, 49; Jacksonville, Fla., 38; Kansas City, Mo., 15; La Crosse, Wis., 32; Valley (Eau Claire, Wis.), 23; Little Rock, Ark., 73; Los Angeles, 109; Milwaukee, 246; Minneapolis 133; New Orleans, 144; New York City, 569; Oshkosh, Wis., 37; Peoria, Ill., 53; Philadelphia, 36; Pine Bluff, Ark., 10; Pittsburg, 718; Providence, R. I., 231; Richmond, Va., 143; Rochester, N. Y., 95; San Francisco, 253; San Jose, Cal., 20; Scranton, Pa., 66; Seattle, Wash., 178; Sherbrooke, Que., Can., 53; Springfield, Ill., 12; Springfield, Mass., 69;

A WOOD IN BELLE ISLE PARK.

St. Louis, 216; St. Paul, 101; Tidewater (Norfolk, Va.), 41; Washington, 315.

—Only the moon was full on the trip to the St. Clair Flats.

—By a unanimous vote it was decided that "In Detroit life is worth living."

—New Orleans and Los Angeles both asked endorsement of a Panama Exposition project, but the convention side-stepped by tabling the resolutions offered.

—Smoking in a deliberative assembly—especially where ladies were present—was regarded by many as an innovation. Was it a good one?

—Detroit has something like 1,400 industries, with an aggregate capital of $100,000,000, and giving employment to 65,000 people, and is also one of the world's greatest commercial ports.

—In the Detroit parks you are not brusquely told to "Keep off the grass." There is a little sign with just one word—"Please."

—One of the popular members of the Institute, and also a hard and effective worker, is Freas Brown Snyder of the Merchants' National Bank, Philadelphia. Mr. Snyder is chairman of the educational committee—one of the most important in the Institute.

—W. F. Paull made a good impression for "Seattle 1909."

—Chicago's delegation numbered forty-five, placing that city in the lead—not an unusual thing for Chicago, however.

—President Crandall made an excellent presiding officer. The business of the convention was conducted expeditiously and fairly.

—The American love of politics crops up in every association, and the American Institute of Banking is no exception. But, so far as one could see, it seemed to be politics of the clean and healthful kind.

—Roy L. Stone of the First National Bank, Milwaukee, the new vice-president, will evidently be in the lead for the presidency next year. He is one of the strong and popular members of the Institute.

—Members of Detroit Chapter are entitled to unstinted praise for their work in contributing to the success of the convention. Everybody was satisfied and happy.

—In Detroit life is worth living, for

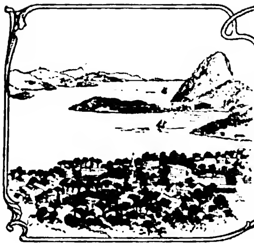
"You climb on the boat and away you float
To the Flats or old Belle Isle,
There's so many places to go, you know,
In the town where life's worth while."

—A. Waller Morton, the new president, is thoroughly experienced in Institute affairs, having served on important committees and also as vice-president. As president of Baltimore Chapter for two terms he displayed energy and sound judgment, and was largely instrumental in increasing the membership until the chapter ranks fourth in size among the forty-nine chapters of the Institute. Mr. Morton is associated with the Eutaw Savings Bank of Baltimore.

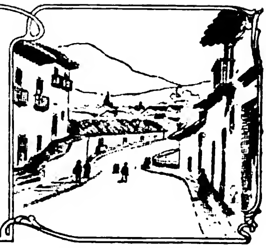
COULDN'T GET HIS PENNY.

THE "Eagle Eye" of Cleveland relates the following:

"While sojourning among the bromides, rustics and great ball players of Hudson, our highly educated friend, the present manager of the Brooklyn Office, [Clay Herrick] determined the time had come when his young hopeful should no longer be permitted to roam at will, but should take the first faltering footsteps down the straight and narrow path. Accordingly, with a big white collar around his neck, a tear in either eye, and a penny tightly clutched in his fist, he started sadly on his way to that dear Sunday School. Some time later the fond parent, hoeing doggedly at his early corn, observed the youthful figure toiling manfully up the front walk, and in his hand was still tightly clutched the penny. 'What happened, son?' queried pater familias. 'They tried to take my penny away from me, but you bet they did not get it,' came the answer. How portentous will these simple words become when the young Herrick has climbed farther up the ladder of wealth than any mortal predecessor."



LATIN AMERICA



THE INTERNATIONAL BUREAU OF AMERICAN REPUBLICS.

("PAN AMERICAN BUREAU.")

WASHINGTON, D. C.

THE new building of the International Bureau of American Republics will be unique, not only in Washington, but in all the world. It will serve as the international headquarters or offices in one national capital of twenty-one different American nations. The nearest approach to it will be the new Temple of Peace now being erected at The Hague. The cost of this Pan-American structure, when it is fully completed and ready for occupancy, will be nearly $1,000,000, of which Mr. Andrew Carnegie generously contributed $750,000, and the different American nations approximately $250,000.

The revised drawings of the architects here shown have just been approved by the United States Secretary of State, Elihu Root, Chairman of the Governing Board of the Bureau, and John Barrett, the Director and chief administrative officer, after having been originally selected from the largest architectural competition in the history of Washington, in which 130 leading North American architects entered. The winners in this contest were Albert Kelsey and Paul P. Cret, Associate Architects, of Philadelphia, Pennsylvania.

This imposing international building will stand on one of the most attractive and commanding sites of ground in the national capital, commonly known as the Van Ness Tract, which covers five acres, or about two hectares, facing the Presidential grounds, or White Lot, on the east, and Potomac Park on the south, at the corner of 17th and B Streets. This site is only two blocks below the Corcoran Art Gallery, next to the new building of the Daughters of the American Revolution, and within a short distance of the Washington Monument.

The dimensions of the building will be approximately 160 by 160 feet, or 52 by 52 meters. The main portion will stand two stories above a high studded basement, and will, in turn, be surmounted by dignified balustrades. The rear portion, in order to cover the capacious Assembly Hall, will rise still higher. It will be constructed throughout of steel and concrete with the effect of a Spanish stucco finish and with white marble steps, foundations, and trimmings. The roofs will be of colored Spanish tile and the interior exposed portions will be decorated with polychrome terra cotta.

The general architecture will suggest Latin American treatment out of respect to the fact that twenty of the twenty-one American republics are of Latin origin, but it will possess such monumental characteristics as will make it harmonize with the general scheme for the improvement of Washington. Its most notable features of construction, aside from numerous well-lighted rooms for the regular work and staff of the Bureau, will be a capacious, typical, Spanish patio, over 50 feet square, in the front section, covered by a glass roof that can be opened in summer and closed in winter, thus providing protection against the weather for constantly running fountains and continually growing tropical plants; a large reading room, 100 by 60 feet, where can be seen all the South as well as North American publications, and where books can be consulted from the Columbus Memorial Library, which has the best collection in the United States of works on the American Republics; and a beautiful, dignified, assembly chamber, 100 by 70 feet, that, for present purposes,

INTERNATIONAL BUREAU OF AMERICAN REPUBLICS.
Front View of New Building to be erected.

may be called the "Hall of American Ambassadors," which will provide the only room of its kind in the United States specially designed for international conventions, receptions to distinguished foreigners, and for diplomatic and social events of kindred nature.

Other important divisions of space will include: a handsome room for the Governing Board of the Bureau; four committee rooms suited for diplomatic conferences; a stack room for the Library that will hold 250,000 volumes; large offices for the Director and the Secretary of the Bureau, with their assistants, including editors, statisticians, translators, librarians, accountants, clerks, and stenographers. Much of the decorative finishings of the interior will be in rare woods from the South American forests, contributed by the different countries that support the Bureau, while the walls of the "Hall of American Ambassadors" and other principal rooms will be decorated with mural paintings, pictures, statuary, etc., suggestive of Pan-American history, development, and progress. At the main entrance of the structure will be two heroic marble figures symbolizing, respectively, North and South America.

The institution which will occupy this building was founded seventeen years ago at the First Pan-American Conference held in Washington in the winter of 1889-1890, and presided over by James G. Blaine. The original object, as announced, was that of making the American republics better acquainted with each other and of exchanging information about their respective resources and trade. It never, however, had the complete support and interest of the United States, or of her sister nations, until Hon. Elihu Root, Secretary of State of the United States, made his memorable visit in 1906 to South America. The Third Pan-American Conference, assembled at Rio Janeiro, Brazil, in 1906, which he attended, passed strong resolutions in favor of the reorganization of the Bureau and outlined a plan to make it a world-recognized institution for the promotion of both commerce and comity.

The Bureau is strictly an international and independent organization, subordinate to no Department of the United States Government, and maintained by the joint contributions, based on population, of the twenty-one American governments. Its affairs are under the administration of a chief officer, called Director, who is elected by the Governing Board of the Bureau, consisting of the Diplomatic Representatives in Washington of the Latin American governments, presided over by the Secretary of State of the United States. The present director is John Barrett, former United States Minister to Colombia, Panama, Argentina, and Siam. The Secretary of the Bureau is Doctor Francisco J. Yanes, an eminent Latin-American scholar. Since the new administration took charge of its affairs, the correspondence of the Bureau has quadrupled while the demand for its printed publications has tripled. Its practical use is demonstrated by the fact that during the last six months it has developed business that has added at least $15,000,000 to the value of Pan-American foreign commerce. Its present object, in short, is not only to advance commerce and trade, but to strengthen comity and friendship among all the republics of the western hemisphere.

AN EXPENSIVE POLICY.

UNDER the above head, the New York "Sun" of recent date, says:

"The figures showing the import trade of the east coast of South America for the fiscal year ending with June, 1907, are not yet at hand. There is more than probability that they will reach $500,000,000, and a fair chance that they will exceed that sum. This includes the foreign purchases of Brazil, Argentina and Uruguay, the area which our mail reaches by the way of Europe, and to which our merchandise goes by slow freighters unless shipped via England. Only about 11 per cent. of that business came to us.

The population of these vast and sparsely settled countries is less than half that of overcrowded Japan, yet they buy $500,000,000, while Japan buys $200,000,000. Measured by the class of merchandise purchased the east coast of South America is a far more desirable market than is Japan. It buys finished products, cotton cloth, railway equipment, hardware, agricultural implements, building material, household goods and all the hundreds of articles needed and used in countries of rapid industrial growth and social development. Japan's principal purchases are foodstuffs and raw materials. As Japan develops her industrial forces her purchases will consist in increasing percentage of raw materials for conversion into finished products which she will place in Eastern markets in competition with the products of our mills and factories. As Brazil and Argentina and Uruguay grow they will want more cotton cloth, more woolen goods, more rails and locomotives and bridges, more hardware and household utensils, more glassware and electrical goods, more of all that endless list of things that we make for ourselves and want to sell to other people.

Within a few years the purchases of that region will reach $1,000,000,000 a year. If we continue our present policy we shall secure perhaps twelve or thirteen per cent. of that and see the remainder go out from Europe, because Europe has mail and steamer service and we have none that is worthy of being called a service. Hundreds of millions of dollars worth of trade now gets away from us, and twice as much will get away from us a few years from now, mainly because of a mail and steamer service which puts the European merchant from four to six weeks ahead of our own.

We cannot sell all the goods those countries buy, but a fair and businesslike attention to the establishment of a respectable system of postal and commercial communication will give us at least a decent share of their trade. Our present policy costs us millions every year."

LATIN-AMERICAN BANK NEEDED.

THE "Wall Street Journal" of a recent date, says:

"Until shipping facilities, regular and reliable, are furnished, and banking advantages offered, by which direct exchange between the United States and South America can be effected, our commerce and our investments with such great countries as Brazil and Argentina will continue to suffer in comparison with that of Great Britain and the Continent. Such facilities were earnestly advocated by James G. Blaine.

Speaking of this need, a prominent Brazilian recently said:

'New York has a fine opportunity to do something profitable in this line. A rate of exchange of one-half per cent., which frequently has to be paid in Brazil to European banking houses, is a burden which American accounts should not have to bear. The trade with the United States is improving, the South American people are becoming more directly interested, and a freer transmission of credits and funds would work in favor of the American exporter. When the necessity comes for foreign markets, the advantage of financial facilities will be all the more evident. Now is the time to provide for such exigencies.'

Thus far the banking business has been largely in the hands of British, German, French and Italian houses. They depend, of course, mainly on the business which their fellow countrymen transact. With the advent of American capital in South American railway construction, in municipal improvements, and in harbor works, there should be ample opportunity for some American house to establish itself in a field which has hitherto been relatively neglected."

RAILWAY CONSTRUCTION IN BOLIVIA.

THE London "Financial News," through a correspondent, in drawing attention to the contract entered into by the syndicate of New York capitalists composed of the National City Bank, Speyer & Co., and W. R. Grace &. Co., for the construction of railways in Bolivia, says:

"It is interesting to consider the effect on a country hitherto so isolated as Bolivia of the expenditure of so large a sum as $27,500,000 on development in any form. Among other things, increased means of transportation and locomotion will induce a great deal of traveling throughout the country. There will be an enormous inrush of foreigners to Bolivia. These people will secure the major portion of the better-paying industries. Banking will increase, and there will be a great accession of wealth, most of which will be secured by the new arrivals. The mining industry, already famed by high prices in Bolivia's special products, is likely to progress in an astonishing degree, and all existing commercial mechanism will be strained to keep pace with an expanding trade. How much attention from neighboring nations this will attract can be understood, and in one way or another Bolivia's awakening will be watched with interest by many persons."

FOREIGN TRADE OF CHILE.

CONSUL A. A. Winslow, of Valparaiso, in reporting that the foreign trade of Chile is growing very rapidly, gives the following statistics:

During the past six years the trade has increased about seventy per cent. of which 16 per cent. was for last year. In 1906 the foreign commerce amounted to $191,827,396 United States gold, of which $86,154,-961 was for imports and $105,672,435 for exports, giving a balance of $19,517,474 in favor of Chile. Of the exports, about 90 per cent. was nitrate and its by-products. Of the imports, a very large proportion was machinery, railway supplies, dry goods, and kerosene. Detailed figures are not yet obtainable, but enough is known to state that the United States' portion of the trade is growing more rapidly than that of any other country. [The declared exports of the United States to Chile for the calendar year 1906 amounted to $9,392,453, as against $7,006,977 in 1095.] This is substantiated by the fact that nearly double the number of ships are now doing business between this coast and New York to those employed a year ago, and nearly every steamer is obliged to refuse freight at New York.

RAILROAD BUILDING IN PERU.

LONDON financial journals report that a settlement has been reached in the long outstanding dispute between the Government of Peru and the Peruvian Corporation, the latter being the company which operates almost the entire railway system of the country. New contracts are to be made with respect to the works at the port of Mollendo in the south, and in regard to Chira Canal in the north. The corporation is to complete the railway extensions from Oroya to Huancayo, from Sicuani to Cuzco, and from Yonan to Chilete, such extensions to be ready for provisional traffic by September 24, 1908, and to be definitely completed nine months later. The lease to the corporation is to be extended seventeen years, during which period the Government is to receive fifty per cent. of the net profits of the railways.

SECRETARY ROOT'S TRIP TO MEXICO.

According to the itinerary of Secretary Root's trip to Mexico as recently announced he will leave Washington aboard the private car Signet at 3.40 on the afternoon of September 25, arriving at St. Louis at 7.10 the following day. From there he will go to Texarkana, thence to Longview and Palestine, Tex., and arrive at San Antonio at 6.30 on the morning of September 28. He will make a short stop there and will be the guest of the International Club at a banquet.

He will reach Laredo on the afternoon of that day and will there transfer to President Diaz's private train, which will be sent to the border to meet him. The first important stop on Mexican territory will be at San Luis Potosi on the afternoon of September 29. He will reach the City of Mexico at 6:30 on the afternoon of September 30.

TRADE OF THE UNITED STATES WITH CUBA.

Trade of the United States with Cuba in the fiscal year just ended aggregated almost 150 million dollars. The imports from the island were nearly 100 million dollars in value and the exports thereto nearly 50 millions. To be more accurate, the value of the imports from Cuba in the fiscal year ending June 30, 1907, was $97,441,690, and of the exports thereto $49,305,274.

In both imports and exports the trade with Cuba in 1907 exceeded that of any previous year. The largest imports from the island in any previous year were those of 1905, when they aggregated a little over 86 millions.

The largest exports to the island prior to 1907 were those of 1906, when they aggregated 47 3-4 millions.

LOOKING AHEAD IN LATIN-AMERICA.

The "Wall Street Journal" recently said:

"The great engineering projects in harbor improvements completed and under way would astonish people who have not kept pace with the advances in this single line, all the way up from the Plate River to the mouth of the Rio Grande.

This is a period of fundamentals in Latin-America, of strategic foresight, of investment that will require waiting, and of patience in working out problems that even the average traveler or trader has hardly begun to apprehend. But the work is going on, and in due time those who have labored to bring North and South America together in one grand trading unit of mutual understanding shall doubtless have their due reward."

NEW LATIN-AMERICAN MAGAZINE.

OWING to the growth of interest manifested in the Latin-American countries by the people of the United States, the Spanish-American Book Company, of 200 William street, New York city, has decided to publish a new magazine to be devoted especially to presenting the resources and attractions of these countries to North American readers.

The new publication will be called "Tropical America," and the preliminary announcements indicate that it will begin with an adequate literary and artistic equipment.

CANADIAN-MEXICAN STEAMERS.

FOUR steamers have been assigned to the service between British Columbia and Pacific ports of Mexico. It is stated that a representative of the Canadian trade has already been at work in Mexico building up a business for this line. It is also understood that the proprietors of the line have their agents at work in both countries.

NATIONAL EXHIBITION IN BRAZIL.

TO celebrate the one hundredth anniversary of the opening of the ports of Brazil to international commerce, a National Exhibition of industrial, pastoral and art products will be held in the capital of the Republic from June 15 to September 7, 1908.

PEACE IN CENTRAL AMERICA.

NEGOTIATIONS have been concluded which, it is believed, will insure permanent peace among the five Central American republics. Disputes arising between any of the two countries are, it is understood, to be submitted to Mexico and the United States for arbitration.

GENERAL NOTES.

—The Mutual Trust Company has been organized in Mexico City with $200,000 capital. Alberto Pro is president and J. P. Taylor, secretary.

—Brazil's exports in the first three months of 1907 were valued at $76,199,619, compared with $62,002,466 for the same period in 1906.

—Consul John N Ruffin, of Asuncion, Paraguay, reports to the Department of State that, owing to a new tariff shortly to be proclaimed, American shoes, roll-top desks, office furniture, and buggies may now be imported into that country at an advantage.

—It is stated that a new smelting corporation will erect a smelter to cost $1,000,000 near Monclova, Mexico.

—Reports state that a Russian colony will purchase 100,000 acres of land for settlement near Tampico, Mexico.

—Work upon the development and extension of the Trans-Brazilian Railway, formerly known as the Sao Paulo and Rio Grande Railway, which has been purchased by Canadian and American interests at a cost of £1,000,000 (£ equals $4.86) cash and the assumption of £3,500,000 indebtedness, is being pushed under the direction of John Egan, constructor of many railroads in the western portion of the United States. The building of the portions of the great north and south system of Brazil, now planned, represents American capital, American materials and equipment, and an American railroad system generally.

—An English company has purchased the Paracas (Peru) coal mines for $1,500,000.

—The Brazilian Senate has authorized the President to lend $15,000,000 to the State of Sao Paulo, of which amount $5,000,000 is to be devoted to paying off the debt of the State and $10,000,000 is to be used to maintain the stock of coffee held abroad for the State of Sao Paulo.

—In 1906 Ecuador exported Toquilla straw hats valued at $1,200,998, of which the United States took $600,901 worth.

—According to statistics recently published with regard to primary education in the Brazilian State of Minas Geraes by Dr. Carvalho Britto, Secretary of the Interior, it appears that this year the number of matriculations in the schools has doubled and is now about 100,000, whereas in previous years it has never touched 50,000. This great increase is said by the "Brazilian Review" to be due to the prudent laws which reformed education in the state and adopted methods generally in vogue in other countries.

—It is announced that the Banco Central Mexicano added $9,000,000 to its present capital stock at a meeting of its directors held on September 11.

AMERICAN BANK WANTED IN CHILE.

Consul Alfred A. Winslow of Valparaiso, Chile, writes:

"During 1906 American interests made fair progress in Chile, and the future promises well for the capital interested. American capital is principally invested, so far, in the copper fields of central Chile, the gold fields of the extreme south, and the nitrate fields of the north. In all they amount to several million of dollars. There are still some fine openings in these lines, with a good field for commercial houses handling American products. * * * *

In this connection comes the more direct banking communication with the United States. There should be an American branch banking house through which business could be done. As it is now, everything goes through London or Berlin."

FRENCH TRADE IN SOUTH AMERICA.

Dr. Charles Wiener, on a special mission from the French foreign office to study trade in Brazil, Uruguay, and Paraguay, has left Rio de Janeiro and gone to Sao Paulo, says the Brazilian Review, which adds that Doctor Wiener is doing all in his power to collect data which later on will be used for a determined campaign on the part of France to regain as much as possible of her former trade in those countries.

We consider this policy a wise one, since the bonds furnish a secondary reserve for our depositors, and at the same time yield the institution a commensurate return.

Since the bond, once marketed, is a strictly negotiable instrument, it loses all elements of a personal nature and may be bought, sold or exchanged without being affected by the relationship between a bank and its borrowing customers. Or to state the case more clearly, a bank or trust company would be much more willing to sell bonds to replenish its reserves, than to disturb conditions by restricting or calling the loans of its clients. In purchasing bonds, it is wise to buy of a number of different issues to the end that there may be many markets for them in case their sale becomes necessary or desirable.

The province of the bond department is primarily to see that the bond investment of the company is wise investment. The bond department must see that the five millions of dollars entrusted to it bring to the company their interest return with promptness, certainty and safety. For this purpose files of information in regard to public corporations are maintained in the department, and every effort is made to keep fully posted on earnings, physical condition, and all other conditions affecting the desirability of railroad and corporation bonds, and likewise any matters which may influence the credit of borrowing municipalities.

The secondary province of the bond department is the buying and selling of bonds from and to investors, estates and other institutions. In this province the bond department stands in two relations to the customer; first, that of counsel, giving the customer the benefit of the information which it has, and of its experience; second, that of dealer and buyer; and in this relationship the company is entitled to the legitimate profit arising from buying at wholesale and selling at retail.

This department realizes that its ultimate success and continued growth depend entirely on its care in selecting the investments for the company and for its clients; and every effort is made to render its transactions satisfactory to its customers.

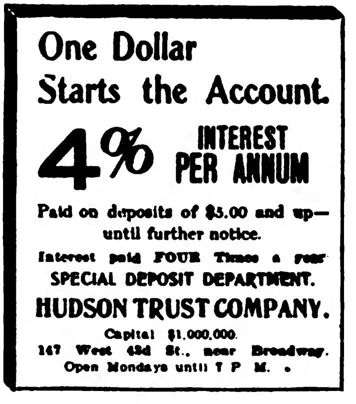
The bond department invites correspondence from other banks regarding the buying and selling of investment bonds. In dealing with other banks or bankers it is customary to allow a banker's commission on sales made through them. Offerings of municipal bonds are desired at all times.

That the bond department of the Mercantile Trust Company has handled upwards of sixty millions of bonds within the last four years to the satisfaction of its clients leads it to believe that the care and consideration given to such investments has been of value to the company and its investment customers.

Lists of investments which are owned by the company and recommended by it will be sent on request.

SAVINGS ACCOUNTS.

FOUR per cent. interest is made the leading feature, as it should be, in the accompanying ad of the Hudson Trust Company. "One Dollar Starts the Ac-



count" is also prominently displayed, and thus the ease of opening the account and the advantage in interest return are given due prominence, making a well-balanced newspaper ad.

"OLD HOME WEEK."

ON the occasion of Old Home Week recently, the City Trust Company of Boston took occasion to print a special ad in the daily papers extending the privileges of its organization to visitors to the Hub. While it was not expected that any great results would accrue from this advertising, it was all for the good of the cause, and friends might be made

TO VISITORS

We are extending the privileges of our exceptional organization to all visitors during "Old Home Week."

We shall be glad to have you open a temporary account which will provide an absolutely safe place for your money and will avoid the necessity of carrying about with you an undue amount of cash.

City Trust Company

Capital and Surplus $4,000,000
Deposits $20,000,000

Main Office — 50 State St., Boston
Branch Office — City Sq., Charlestown

Hours: 9 A. M. to 3 P. M.—Saturdays 12 M

in that way who would eventually prove good customers of the company.

LARGEST ON THE HONOR ROLL.

AGE and size have always been and will always be strong points in bank advertising. While it does not always hold

Established 1857.

AETNA NATIONAL BANK

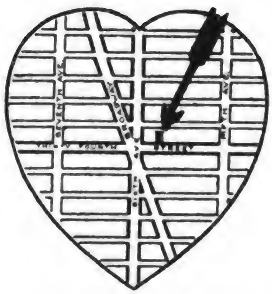
The Largest National Bank in Connecticut and the Only One in Hartford on "The Honor Roll of 1907."

good, by any means, the oldest bank, by reason of its long standing and prestige, is popularly supposed to be the strongest, and it is a good thing to emphasize the fact on all occasions. In the case of the Aetna, its strength and high standing are fully equal to its age, and both are unquestioned.

THE HEART OF NEW YORK.

ITS location in the heart of New York's shopping district is well shown in the accompanying ad of the New Netherland Bank of New York. Convenience in this

In the Heart of New York



THE most convenient bank in New York is situated in the very heart of the new shopping district.

The New Netherland Bank at 41 West Thirty-Fourth Street is a commercial bank in the truest sense of the word, conducted by business men on sound, efficient business principles, for men and women who like to do business in a business way.

You will find it a distinct advantage to secure the better facilities, better service and liberal treatment which characterize this progressive bank.

Interest allowed on deposits.

New Netherland Bank
of New York

41 West 34th Street, near Broadway

regard should prove a strong point, especially among the lady patrons of this bank, and in its general advertising the bank is wise to make it a prominent feature.

BOSTON TRUST COMPANY ADVERTISING.

AMONG the newer advertisers among the banks and trust companies of Boston is the Beacon Trust Company, which was recently brought into prominence by absorbing the Washington Trust Company of that city. Its announcements have appeared prominently on the financial page of the Boston Transcript, in double-column spaces which have shown the "Beacon" design to good advantage. A series of the ads is reproduced herewith.

DEFINING ITS POLICY.

SOME of the best bank advertising that has ever appeared in New England has lately been put out by the First National of Boston. The announcements appear in liberal spaces in prominent positions in the leading Boston dailies. Each ad defines clear-

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PROMPT DECISIONS are one of the distinctive features of this bank's service. They are made possible by an accurate knowledge of customers' resources, an intelligent view of what constitutes good assets, and the constant accessibility of officers.

Interest allowed on personal, inactive, and trustee accounts carrying balances of $500 or over.

The First National Bank

202 Devonshire Street

SOME of the most important accounts in this Bank have grown, while here, from small beginnings.

This Bank invites small accounts and gives them every possible consideration and attention.

Interest allowed on personal, inactive, and trustee accounts carrying balances of $500 or over.

The First National Bank

202 Devonshire Stree

BEACON TRUST COMPANY

PENN MUTUAL BLDG 20 MILK ST. BOSTON

Acts as executor, administrator, trustee and guardian. The officers of the company are always willing to consult with anyone wishing advice.

We allow interest on deposits of $300 and over subject to check.

BEACON TRUST COMPANY

PENN MUTUAL BLDG 20 MILK ST. BOSTON

Do you recognize the value of good banking connections? In every department we are prepared to serve you in a satisfactory manner. Small accounts desired as well as large ones.

We allow interest on deposits of $300 and over subject to check.

BEACON TRUST COMPANY

PENN MUTUAL BLDG 20 MILK ST. BOSTON

A Word to the Wise is Sufficient. Open an account with us and transact your business through this bank. Small accounts receive the same careful attention that large ones do. Interest allowed on deposits of $300 and over, subject to check.

BEACON TRUST COMPANY

PENN MUTUAL BLDG 20 MILK ST. BOSTON

An account with a sound, well-managed bank is the business man's best insurance against times of financial stress. We do business on the most liberal terms consistent with sound banking.

We allow interest on deposits of $300 and over subject to check.

BEACON TRUST COMPANY

PENN MUTUAL BLDG 20 MILK ST. BOSTON

Why not pay your bills by check? It not only gives you a standing, but is the most convenient and safest way to settle your accounts. Deposits may be made by mail and will be promptly acknowledged. We allow interest on deposits of $300 and over subject to check.

BEACON TRUST COMPANY

PENN MUTUAL BLDG 20 MILK ST. BOSTON

Satisfied customers are our greatest asset. We give satisfaction because the interests of our customers are carefully looked after and every facility extended, consistent with sound banking. Let us talk the matter over with you.

We allow interest on deposits of $300 and over subject to check.

BEACON TRUST COMPANY

PENN MUTUAL BLDG 20 MILK ST. BOSTON

If you are thinking of opening a bank account or of changing the location of your present one, we would invite you to look into the facilities offered by this institution. We are confident that we can help you. Consult our officers.

We allow interest on deposits of $300 and over subject to check.

ly some question of bank policy. This kind of advertising, if persisted in, cannot fail to bring results.

IT is an important policy of this Bank to give careful, personal consideration to customers' requests and to render the *prompt decisions* which mean so much to every business man.

Interest allowed on personal, inactive, and trustee accounts carrying balances of $500 or over.

The First National Bank

202 Devonshire Street

CUTHBERT, GEORGIA.

CUTHBERT, Georgia, is not a large town, comparatively speaking, but it has an up-to-date banking firm, as the wording of this ad of McPherson & Co., indicates. Many enterprising bankers nowadays take occasion to boom their home towns in their advertising, and it is certainly not a bad idea.

CUTHBERT does not nestle in a valley or stand at the foot of a hill, but is proudly domiciled on the loftiest peak between Macon and Montgomery. Its health record therefore is unsurpassed, and because of this condition has a vigorous citizenship, applying themselves diligently to the task of making this progressive and enterprising little city, the gateway and pivot point between the three great states of Georgia, Florida and Alabama. So, if you would enjoy health, happiness and prosperity, then cast your lot with us, and bank at

McPherson & Co.,

BANKERS,

Cuthbert. Georgia.

CURRENT ADVERTISING.

FROM current bank advertising the following are clipped as being especially suggestive and helpful to readers of this department:

The Hartford (Conn.) National Bank announces in the Hartford Courant—

WE HOLD THE RECORD as the first bank in Hartford to advertise a welcome to small accounts. Our own growth teaches us that small beginnings may be productive of large results, and we believe in the policy of lending a helping hand to the ambitious and deserving person, whoever he may be.

Come in and get acquainted. You will be cordially welcomed.

The National Bank of Cohoes (N. Y.)—

Resolve not to be poor. Whatever you have, spend less. Poverty is a great enemy to human happiness. You can start an account in a small way at——.

Here is a good one from the Capital City State Bank of Des Moines, Ia.:

SPEAKING PERSONALLY, Did you ever stop to think that your own individual finances are but the affairs of a corporation in miniature. It is a fact that no corporation will be long successful that does not show some profit on its operations. This will apply also to your personal affairs. To be successful you must show a profit. Put that profit with us in a savings account earning 4 per cent. interest and you need not worry as to the future.

Another example of advertising the bank by booming the city; from the Commercial and Farmers' National Bank of Baltimore:

Caters especially to the commercial and manufacturing community.

Deposit your money where it will help these vital interests.

The one way to build a greater Baltimore.

The Colonial Trust Company of Pittsburgh calls attention thus to the superior advantages of its banking-rooms:

EVERY MINUTE DETAIL, from a one-dollar savings account of a child to the largest financial undertaking of a corporation, cared for by this company ALL IN ONE BUILDING AND ON ONE FLOOR.

The convenience of having all one's financial affairs situated in one place must be apparent.

You are invited to call and see for yourself how your convenience has been planned for.

The Iowa savings banks always have some good talks on savings, and this one of the Iowa State Savings Bank of Sioux City is an example:

LOOKING FORWARD.

What are your hopes, your desires for the future?

A most creditable ambition would be a home, a small business of your own, or an interest in some larger business. To get any of these, you must have some money.

There is one sure, certain way that you can have the ready money when the opportunity comes, and that is, by depositing a part of your earnings every week or every month in this bank.

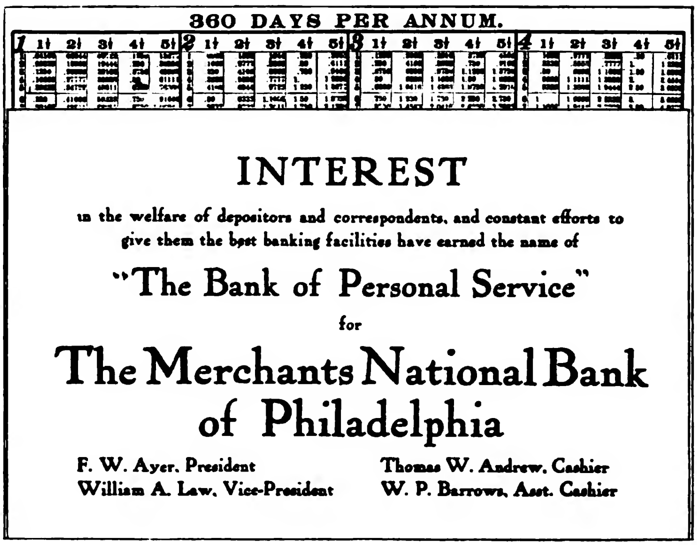
You will scarcely miss the $5 or $10 put aside for this fund, and all the time you will have the satisfaction of knowing you are that much nearer the goal of your ambition.

We not only afford protection for your money, but pay you compound interest thereon.

Any amount from 25 cents up will start an account with us.

PHILADELPHIA PUBLICITY.

THE Merchants National Bank of Philadelphia has recently sent out from its publicity department copies of Rhodes' Bank Interest Chart, bearing the advertising matter of the bank on the folded portion of the card. The accompanying cut shows the appearance of the card and the bank ad as it appears.



PUBLICITY NOTES.

"WHERE MILLIONS ARE KEPT" is the title of an attractive looking booklet recently issued by the National Safe Deposit Company of New York.

Extracts of a recent address before the Alabama Bankers' Association have been made into a well-printed booklet by the First National Bank of Northfork, W. Va., under the title, "The People's Interest." In the pamphlet, which bears on the cover a good reproduction of the bank's excellent building, the institution's facilities for banking by mail are especially emphasized.

"Pegging Away" is the suggestive title of a booklet by the Germania National Bank of Milwaukee. The application of this phrase will be seen from the following extract:

Believing it is just as necessary for a bank to learn the ways and needs of its depositors as it is for the merchant to learn those of his customers, we have been "pegging away" along these lines, and evidently we are right.

The German National Bank started its career a little less than four years ago. It has grown—not a spasmodic growth, but a steady one—increasing its resources at the rate of a million dollars a year.

This has been accomplished through serving depositors' interests and handling their transactions with a degree of promptness which only the most modern methods and equipment afford.

The Mercantile National Bank of New York is sending out as an advertisement a unique and useful blotting stone.

A handsome production in color printing is the statement of the Bank of Commerce (National Association) of Cleveland.

William Hazzard, assistant cashier of the Commercial-German National Bank of Peoria, Ill., has recently prepared an excellent folder on "Peoria, the Financial Hub of Central Illinois," for the Peoria Promotion Club.

In a handsome and dignified pamphlet the Harris Trust and Savings Bank of Chicago sets forth the capacities in which its services may be employed—in general banking, trusteeships, bonds for investment, savings, etc. This institution, which is a continuation of the Chicago house of N. W. Harris & Co., has in the past twenty-five years purchased and paid for bonds to the amount of $743,240,000, and the total loss of principal sustained by the customers of the house on purchases of these securities has been less than two days' interest thereon. The pamphlet not only states the officers and directors of the bank, but contains a complete list of its stockholders, with their affiliations.

CANADIAN LOANS IN NEW YORK.

CRITICISM has been made of the Canadian banks for lending $84,000,000 outside the country—chiefly in New York. It is alleged that these loans are used in Wall Street while at the same time enterprises in Canada are in need of funds. This practice of lending money on call in New York is followed by many American country banks; doubtless both the latter and the Canadian institutions have good reasons for the practice.

STOPPED PAYMENT.

THE woman bank depositor can always be depended on for a story. Here is one from the "Denver Post."

The Denver National Bank not long ago received the following letter from a lady well known in social circles:

Gentlemen: Please stop payment on the check I wrote out to-day, as I accidentally burned it up. Yours, Mrs. BLANK.

NEW HAVEN RAILROAD BOND LOAN.

THE French loan of $29,000,000 to the New York, New Haven & Hartford Railroad required 580,000 personally written signatures, and the affixing of 290,000 seals. The signature of President Charles E. Mellen must appear on each bond, but the task of personally executing it was too much for him to undertake and its fac-simile has been engraved in the space provided for that purpose. The assistant secretary does not escape so easily. His signature must appear on each bond in ink, as must also the cashier of the bank which acts as register of the bonds.

In case of such large issues it is necessary to divide the work of affixing signatures among a number of trusted clerks who are temporarily honored with the necessary titles. Whether the time is coming when financial men will no longer insist on such written signatures is a matter on which most bankers are unwilling to commit themselves.

The recent fifty million loan of the Pennsylvania, and the present New Haven one, are examples of name signing that may ultimately lead to less exacting requirements, just as the increase in national bank notes resulted in the substitution of the engraved signature for the written one. If it were customary to affix to coupons personally written signatures instead of engraved ones, the New Haven issue, which has thirty coupons to each bond, would necessitate 8,700,000 additional inscriptions.

The printing of such securities is done with rigid care. The American Bank Note Company, which made both the Pennsylvania and the New Haven bonds, employs a system of scrutiny that traces the minutest detail of manufacture. From the time the paper leaves the mill until the finished bonds are delivered every step is watched. No eloquence yet devised will enable an employee to explain a discrepancy between the number of sheets of paper given him to handle, and the number he returns.

The sheets in the New Haven issue were counted about sixteen million times during manufacture. All told there were 290,000 bonds each of a denomination of 500 francs. This required the engraving of about 114 plates weighing 2000 pounds and the printing of 4,350,000 separate impressions. Including coupons there were 18,270,000 numbers placed on the bonds.

If the total number of sheets were laid lengthwise, in one continuous line, they would reach 206 miles, or halfway from New York to Buffalo. Almost twelve miles of wire stapling and fifty five miles of tape were used to bind bonds and coupons, and the total weight of both was 10¾ tons.

Deliveries were made at the rate of 10,000 bonds a day. The printing is in green ink and the text of both bonds and coupons are in English and French.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

MAYOR TOM L. JOHNSON,
President The Depositors' Savings and Trust Company, Cleveland, Ohio.

THE ASTOR TRUST COMPANY, NEW YORK CITY.

A New and Splendidly Organized Up-Town Institution.
Remarkable Combination of Old and New Interests.
Strength of Directorate—Advantages of Location.

THAT the far-sighted financial leaders of New York believe that the up-town district is destined to have a great business and banking future, is in no way better shown than in the organization and location of the Astor Trust Company, at the northeast corner of Fifth Avenue and 36th street.

CORNER OF OFFICERS' QUARTERS.

Here is a banking institution whose Board of Directors represents the largest individual and corporate interests of the City, and which is under the active management of an executive committee made up almost wholly of keen, energetic and successful bankers. It is therefore hardly cause for surprise that, although organized under its present title for hardly more than six months, the Astor Trust Company has already

ASTOR TRUST COMPANY.
Fifth Avenue and Thirty-sixth Street, New York City.

secured in deposits almost a round ten million of dollars and has leaped into the front ranks of all the up-town banking institutions. Of course, it has had peculiar advantages which have contributed to its rapid progress. One of these has been in the hearty good will and valuable clientage possessed for years by the institutions which have virtually been merged into the Astor Trust Company. Not a few of its depositors to-

EXECUTIVE OFFICES.

MAIN ENTRANCE, FIFTH AVENUE.

day, for instance, hark back to the days of the Old Sixth National Bank, which was organized forty-three years ago and completed its corporate existence by merger, in 1898, with the Astor National Bank. The latter institution had a highly successful career and attracted to it, as is well known, a particularly high-class and desirable patronage, under the presidency of George F. Baker of the First National Bank.

After such a record of uninterrupted success it was natural that when, last March, the announcement was made that a new up-town trust

CORRIDOR OF MAIN BANKING ROOM.

THE VESTIBULE.

company had been organized by well-known down-town financiers and that to it had been joined the Astor National, the greatest interest should have been aroused by this new combination. It was seen at once that the preservation in the title of the institution of the Astor name, symbolic for generations of integrity and success, was an asset of great value; and when the further announcement was made of the new interests that had become identified with the institution, it was apparent that the organ-

THE VAULT.

ization was one of the strongest among the City's banking institutions. Of these new names which had hitherto had no connection with the Astor National may be mentioned, Robert Walton Goelet, Charles L. Tiffany, of Tiffany & Co., and Benjamin Altman, the head of B. Altman & Company. The former directors of the Astor National, who now sit upon the Trust Company's board, and lend the weight of their names and influence to its growth are: John Jacob Astor, George F. Baker, president First National bank; John I. Downey, building construction; Harrison E. Gawtry, Consolidated Gas Co.; Charles A. Peabody, president Mutual Life Insurance Co.; Roy A. Rainey, estate of W. J. Rainey; Douglas Robinson, real estate; Archibald D. Russell.

The directorate is rounded out and completed with the names of ten well-known members of the board of the Bankers' Trust Company, which has had a remarkable record of success in the Wall street district and which, by reason of its intimate relations with the up-town company, is generally supposed to bring to the Astor Trust Company and to its depositors unusual sources of information and opportunity for profit. The directors just mentioned, and the large banking interests which they represent, are indicated as follows: Stephen Baker, president Bank of the Manhattan Co.; H. P. Davison, vice-president First National Bank; Thomas W. Lamont, second vice-president Bankers' Trust Co.; Edgar L. Marston, Blair & Co., bankers; Gates W. McGarrah, president Mechanics' National Bank; Geo. W. Perkins, J. P. Morgan & Co., bankers; William H. Porter, president Chemical National Bank; Daniel G. Reid, Rock Island System; John F. Thompson, vice-president Bankers' Trust Co.; Albert H. Wiggin, vice-president Chase National Bank.

To these is added the name of George B. Case, of the law firm of White & Case, who are counsel for the Astor Trust Company and for other large and well-known banking institutions; together with the president of the company, E. C. Converse, and the three vice-presidents, Alexander H. Stevens, Seward Prosser and Thomas Cochran, Jr.

The belief was unanimously expressed, when the details of the Astor Trust Company organization were first made public, that a banking institution under such a remarkable directorate was certain of immediate success. But another factor for success, destined to be of even greater force, lies in the superb location of the company's offices. The junction of Thirty-sixth street and Fifth Avenue is the very centre of the district that for generations to come is bound to hold the active business of up-town New York. Only a few blocks to the west will shortly rise the stupendous Pennsylvania Railroad station, and all the tide of human traffic flowing east and west through the cross-town tunnels and car lines will pass almost directly the doors of the Astor Trust Company. And again, only a few short blocks to the north will soon be built that huge terminal where each hour of the day the New York Central Railroad, the New Haven, and all their subsidiary lines will pour out their tens of thousands of well-to-do folk. All this means business—rapidly-increasing business—for the Astor Trust Company.

These are facts already recognized by many of the shrewd and leading merchants of the city who, within the last three years, have built superb palaces of trade and industry within a stone's throw of the offices of the Astor Trust Company—such great stores, for instance, as Tiffany's and Altman's, Gorham's and McCreery's; while the names of the huge hotels close by, the Waldorf-Astoria, the Holland House, the Astor, the Belmont, the Park Avenue, the Murray Hill, and the Grand Union, are known the world over. And what all these great and crowded centres spell for the Astor Trust Company is new business, rolling up like a snowball as the facilities and welcome, offered by the new institution, become better and more widely known.

As to these facilities which the company offers, it takes only a casual examination to show that they are unexcelled. All the most modern devices, designed for the convenience and comfort of its customers, have been installed by the Astor Trust Company, and the whole equipment is a model in the ease with which it enables clients, both men and women, to transact their daily business, and in the safety with which it guards all such transactions. The banking offices themselves are unique and vastly different in design and appearance from the routine banking-rooms that one ordinarily sees. They resemble rather, in their elegance and comfort, some of the best known of the great French banking houses of Paris. Especial thought has been given to the fact that many of the company's customers are women of fashion and social distinction, and the effort to make them regard these offices as a place for rest and comfort as well as for strict business has been altogether successful.

Just to the rear of these handsome banking offices are situated the Astor Safe Deposit Vaults, so located that all the customer has to do, after transacting his banking business, is to step across the threshold into the vaults, instead of, as usual, being obliged to descend into a close and stuffy subterranean chamber. This is a luxury which women will especially appreciate on a warm June day when they are putting away their jewels for the summer, in the security of the Astor Safe Deposit Vaults.

The business of a modern trust company is too well known to call for detailed explanation here, and it requires only a paragraph to say that the Astor Trust Company receives deposits, subject to cheque, allowing on them such interest as the character of an account may justify. It issues interest-bearing certificates of deposit and letters of credit; sells foreign exchange; collects coupons or interest on all manner of securities and acts in every fiduciary capacity for individuals and corporations. The company is further authorized by law to become trustee under mortgages, assignments and deeds of trust, and is qualified to act as executor, trustee, administrator, guardian, committee, assignee, and registrar or transfer agent of stocks and bonds.

When all is said and done, the loyalty of its customers to a banking institution and their good will in bringing to it their friends' business, as well as their own, depend upon the official staff that comes in daily contact with these valuable patrons. In selecting the officers of the Astor Trust Company, the directors made it a prime object to secure not only conservative and experienced men, of high character, but officers far removed from the traditional "cold" type of Wall street and even of the usual bank. Entire cordiality, coupled with a dignified desire to serve first of all the interests of their clients, is a characteristic of every officer of the Astor Trust Company, and it must be admitted that in this respect they are differentiated from the staffs of many other banks that could be mentioned.

The Astor official list is as follows: E. C. Converse, president; Alexander H. Stevens, vice-president; Thomas Cochran, Jr., vice-president; Seward Prosser, vice-president; George W. Pancoast, cashier; Howard Boocock, assistant secretary.

GEORGE M. REYNOLDS, PRESIDENT CONTINENTAL NATIONAL BANK, CHICAGO.

GEORGE McCLELLAND REYNOLDS, a banker of Chicago, distinguished above most, and by many, of his colleagues by and for his forceful personality, was born on a farm near Panora, Iowa, January 15, 1865. At the age of 15, in 1880, Mr. Reynolds left school and entered the employ in humble capacity of the Guthrie County National Bank of Panora as "general assistant" engaged for and discharging both manual and mental duties. The line of work which he chose was that which, without interruption, he has followed all his business life—the handling of finances. At the end of six months' employment, as a result perhaps of his constant study of the types of humanity with which he came into contact, he was promoted, and while yet not exempt from humbler duties was entrusted with loaning the money of the bank, and at the expiration of his first year of service was, as a matter of ordinary routine, loaning as much money as was anyone connected with the institution, and as a recognition of these attributes he was made cashier of this bank in 1888.

Mr. Reynolds' abilities soon attracted attention, and as a result he was offered the cashiership of the Des Moines National Bank, of Des Moines, Iowa, in 1893, which he accepted, and was promoted to the presidency after two years' connection with this bank, and when but thirty years of age. December 1, 1897, Mr. Reynolds went to Chicago to fill the office of cashier of the Continental National Bank; he was made vice-president on May 1, 1902, and elected to the presidency of the bank at the annual meeting in January, 1906, which high office he now holds.

Mr. Reynolds is credited with knowing personally more persons prominently connected with financial affairs than any other banker in the country. The assertion may with safety be accepted as true. His acquaintanceship is an acquisition, an asset, which he has cultivated and enlarged unceasingly and methodically since his early manhood. An attendant at conferences of financiers almost from the beginning of his business career, he has made mental note of all with whom he came in contact, seeking enlargement of his constantly growing list of acquaintances, most of them from the start his friends, until in the nature of things they have sought him. The numerous honors that have been bestowed upon him in financial circles attest somewhat the strength of his acquaintanceship and the estimation in which he is held by those who know him.

Mr. Reynolds is president of the Industrial Club of Chicago, which succeeded to the field occupied by the Merchants' Club, prior to its consolidation with the Commercial Club. Last year he was president of the Bankers' Club, has been vice-president of the Chicago Clearing-House Association, and recently he was elected a member of the Chicago Clearing-House Committee. Mr. Reynolds is now Chairman of the Executive

GEO. M. REYNOLDS
President Continental National Bank, Chicago.

Council of the American Bankers' Association; following precedent he will be elected vice-president of the American Bankers' Association at its annual meeting to be held at Atlantic City, New Jersey, this month, and its president next year.

In the success of the banking institutions with which he has been connected his personal popularity has been an element effective in degree as perhaps has been no other. This fact is well illustrated in the progressive prosperity of the Continental National Bank. Nine years ago, when he became connected with the bank, its deposits were $13,000,000.00; they are now $66,000,000.00. Eliminating $14,000,000.00 increase acquired by consolidation, of this growth of $53,000,000.00—an annual increase of approximately four and one-half millions—$39,000,000.00 is natural growth, and credit for a material part of this may be attributed to the policy inaugurated by Mr. Reynolds in the special attention given by the bank's officers to its customers and correspondents, its up-to-date methods and the easy accessibility of its officers, notably of President Reynolds himself. At the close of business May 20, 1907, the Continental National Bank's resources were $75,513,081.81.

With his initial introduction to official duties in the Continental National Bank, Mr. Reynolds brought the fellowship spirit of the smaller cities, where each is concerned in a kindly way with the prosperity of the others, and this he has made of practical value to the Continental Bank. It has been reinforced by his extraordinary insight into human nature and a faculty almost phenomenal for remembering faces and names. He is easily approachable at all times by anyone having business with the bank and reads its customers like an open book. His hearty handshake, frank countenance and strong physique reflect the man of clean, virile life and presage a long career for one who represents the highest financial interests of Chicago, to his and its lasting benefit.

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NEW BUILDING OF THE CONSOLIDATED STOCK EXCHANGE, NEW YORK.

FIRST NATIONAL BANK OF RIDGEWOOD, NEW JERSEY.

ONE of the many successful and progressive banks of New Jersey is the First National Bank of Ridgewood, which on July 24 last reached its eighth anniversary.

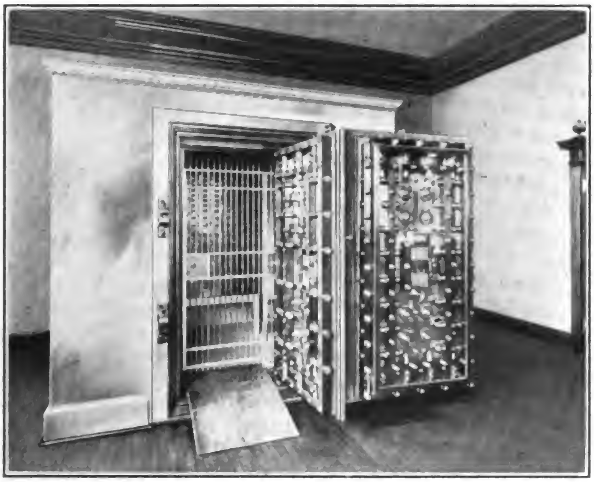
Soon after the bank commenced business, its building was destroyed, but the money and securities were unharmed. A new building of a substantial type was erected, large enough to afford ample accommodation for the bank, the post-office, public library, a lodge, trust company and three flats.

BANKING HOUSE—ERECTED 1901.

The rooms of the First National Bank of Ridgewood are well arranged and supplied with everything essential to convenience, comfort and safety. The vault—a Harveyized steel structure—is pronounced by those qualified to judge as one of the strongest and best to be found in any town in the United States of the size of Ridgewood.

That the bank is strong is indicated by the fact that the capital of $50,000 is supplemented by $50,000 surplus and $5,800 undivided profits. That it is growing steadily and fast enough to satisfy any reasonable ambition may be seen from the following record of deposit totals:

July 24, 1899	$5,063.97
July 24, 1900	125,115.52
July 24, 1901	144,370.46
July 24, 1902	236,403.81
July 24, 1903	263,132.08
July 24, 1904	298,800.03
July 24, 1905	446,428.03
July 24, 1906	567,464.01
July 8, 1907	602,021.41



VAULT OPEN.

The First National Bank of Ridgewood is equipped at all points for efficient banking service, and it is conducted in accordance with principles that assure solid success. Its officers are, evidently, men who have high banking ideals. They are: President, Frederick E. Palmer; vice-president, Peter G. Zabriskie; cashier, Lucius F. Spencer; assistant cashier, William C. Banta; counsel, Cornelius Doremus.

MECHANICS' BANK, NEW HAVEN, CT.

CHARLES S. LEETE, who had been a director and president of the Mechanics' Bank of New Haven, Ct., since 1863 resigned recently and was succeeded by William H. Douglass, heretofore vice-president.

Mr. Douglass is a well-known and successful New England business man, being a member of the firm of Dillon & Douglass, wholesale commission merchants of New Haven, with branches at Providence, Hartford and Springfield. He became a director of the bank in 1899 and in 1903 was elected vice-president.

The election of Mr. Douglass to the presidency left a vacancy in the office of vice-president, which was filled by the election of S. Fred Strong, the cashier, to that position. He will continue to serve as cashier. Mr. Strong's connection with the Mechanics' Bank dates from September, 1903. His banking experience goes back farther than that, he having

WILLIAM H. DOUGLASS,
President, The Mechanics Bank, New Haven.

S. FRED STRONG,
Vice-President and Cashier, The Mechanics Bank, New Haven.

entered the Merchants' National Bank of New Haven in boyhood. Mr. Strong is treasurer of the city of New Haven and otherwise prominent in financial circles.

The Mechanics' Bank was organized in 1824, and now has $300,000 capital and about $1,000,000 of deposits. Besides owning the building it occupies, the bank purchased the adjoining property some time ago with a view to securing an adequate site for the new building which will be erected in the near future.

LETTERS TO THE EDITOR

UNITED STATES MONEY AND CURRENCY AND THE "REAL DIFFICULTY."

Editor Banker's Magazine:

SIR: For the purposes of this paper, the "money" of the United States may be defined as its metal coins, and the "currency" as: (*a*) the paper representatives of coins or certificates; (*b*) the United States and Treasury notes; (*c*) and lastly bank notes.

Under the head then of "money" I will consider gold and silver, and under the title of "currency" all other forms of circulating media.

(1.) Gold may be coined at our mints free of any charge and in unlimited amounts. On October 1, 1906, the total amount of gold in and out of the Treasury amounted to over one and a half billion dollars.

(2.) Silver may not be so coined. In times past purchases of silver have been made by the Government for coinage purposes when in reality such purchases were unnecessary. Agitation and political pressure by representatives of silver-producing states, ignorance and superstition all played conspicuous parts in the history of the "white metal." Now, however, silver is used chiefly to supply the demand for small change. The silver dollar is rapidly becoming a coin of the past and is used only in a few rural districts of the South and West. Out of a total of over five hundred and sixty millions of silver dollars outstanding, four hundred and seventy-eight millions are held by the Government "in trust," and paper certificates are issued in their stead.

(3.) Most of these silver certificates are printed in denominations of five dollars and under and circulate freely as "money."

(4.) In a somewhat similar manner there are certificates issued for the deposit of gold, and under a recent law, the Aldrich bill, they may be issued in denominations of ten dollars and upwards. Out of over one and a half billions of gold coin and bullion outstanding in the United States over one-third is represented by certificates. The advantages of using certificates are greater portability and no loss either by abrasion or tampering with the coin.

(5.) During the Civil War, Congress, hard pressed for money to pay the army and navy, conceived the idea of issuing demand notes in small denominations to pass as currency, and thus the "United States Note" was born. Later these notes were made legal tender and convertible into six per cent. bonds. Finally, this privilege of conversion was taken away, which left them practically irredeemable, as whenever they found their way back into the Treasury they were immediately reissued. Of these notes there are now outstanding about three hundred and forty-six millions, against which the Government is holding a reserve of one hundred and fifty millions in gold, as a guarantee of their redemption on demand.

(6.) The seven millions of "United States Treasury Notes" now outstanding are the last of some demand notes issued in 1890 for the purchase of silver bullion. As fast as these are presented they are retired and cancelled and replaced by the silver they were issued to purchase.

(7.) There are over five hundred and seventy millions of national bank notes outstanding, secured by the deposit of an equal amount of United States bonds. In reality, therefore, national bank notes are simply United States bonds, chopped up small and circulated as money. This system implies a continuance of the national debt, an idea abhorrent to the ordinary business man as well as the student of finance. The Government should as far as possible go out of the banking business. Central supervision, with its advantages of comparison and regulation, is a good thing. The simplest system is the best. All factors that tend towards complexity should be eliminated. The following suggestions if followed out would simplify the situation:

(*a*) Remove the Independent Treasury.

(*b*) Retire the United States notes. The need then for the one hundred and fifty million gold reserve will disappear, though a small reserve might indeed have to be kept against the silver dollars.

(*c*) Let the Government raise the rate of interest on its bonds to conform to the market rate on high-grade securities, thus making it possible for the banks to release the two per cent. bonds now held to secure their circulation.

(*d*) Permit the banks controlled by the central bureau to issue notes as per the Canadian system without the deposits of bonds, but simply on their general assets as security.

For many years the Government has been reaping the benefit of the artificial price and interest rate on its bonds, and the business world has been paying the piper in exorbitant and fluctuating rates of interest.

The Government should now bear its just burden of equal interest rates in behalf of currency reform.

The *real difficulty* lies in the two per cent. rate of the United States bonds.

E. A. BANCKER, JR.
Auditor Lowry National Bank.

ATLANTA, Ga., Sept. 3.

CHICAGO AS A SUMMER RESORT.

LITTLE old Chicago as a summer resort has got the $10 a day places beaten a mile. We know a bank man who spent his two weeks' vacation and $15 right here in this river-split municipality. He played golf, 'biked, swam, autoed, picnicked, spooned, boated and did everything that can be done in a Michigan resort. He got a three-ply tan and gained 125 pounds—the latter being the exact weight of the sweet young thing who whispered "yes" and then named the day.—"The Bank Man."

HOW TO SAVE MONEY.

A MAN can save a lot of money by not having any for his friends to borrow.—New York Press.

MONEY, TRADE AND INVESTMENTS

New York, September 3, 1907.

A Serious Break in the Stock Market, which began on August 5 and did not culminate until nearly ten days after, will make August, 1907, one of the memorable periods in Wall Street history. There was a series of declines interrupted by temporary recoveries, but ultimately carrying prices to figures the lowest recorded in two years or more. At times complete demoralization prevailed yet the absence of any failures among prominent operators was considered significant at least of the financial strength of those who had been caught on the long side of the market.

Probably at no previous time have the declines witnessed in the last twelve months been paralleled in extent or swiftness, yet the financial and speculative wrecks reported have been few and of little consequence. Some of the declines from the highest prices since January 1 recorded in August have been of an extraordinary character, in many cases amounting to 40 or 50 per cent. and over. When the low prices of last month are compared with the prices once ruling in 1906 the fall in market values becomes even more notable. On the other side, however, the phenomenal advance in prices of all securities which preceded the recent decline deserves attention. Even the lowest quotations of last month appear almost fabulous when the prices which ruled ten or eleven years ago are brought into comparison. In the following list of a few of the most prominent railway stocks is given a comparison of quotations this year, last month, and in 1896 and 1906:

	Highest 1907	*Lowest August, 1907.*	*Lowest 1896*	*Highest 1906*
Atchison	108¼	81¾	8¼	110½
Bal. and Ohio	122	87	10½	125⅛
Brooklyn R. T.	83⅝	37¼	18	94⅛
Cen. New Jersey	219½	165	87½	239⅞
Chicago M. and St. Paul	157⅛	117⅛	59⅞	199⅝
Del. and Hudson	227½	147	114⅛	234¾
Erie	44¼	18	10¼	50⅞
Louisville and Nash	145⅛	103	37⅛	156⅛
Missouri Pacific	92¾	63	15	106¾
N. Y. Central	134¾	99⅛	88	156¼
Norfolk and West	92¼	63	⅛	97⅝
Northern Pacific	189⅛	113	12¼	232½
Reading	139⅛	85¼	2⅜	164
Southern Pacific	96¼	69¼	14	97⅛
Southern	34	14⅝	6⅛	42⅞
Union Pacific	183	120¼	3⅛	195⅜

Wide have been the fluctuations in value since 1896 and enormous have been both the advances and declines in nearly all securities. Without entering into a detailed examination of the various financial operations that have changed the status of many of the properties, it is not possible to measure the exact magnitude of the sweep in market values. More than one railroad whose stock is now quoted at above par was in the hands of receivers a decade ago, but through the refining processes of reorganization its securities have become of unquestioned value.

A number of events during the month had a disturbing effect upon confidence. The earliest event and the most sensational was the imposing of a fine of $29,240,000 upon the Standard Oil Company, of Indiana, by Judge Landis in the United States District Court at Chicago. The company was convicted of rebating on 1,462 counts and was fined the maximum penalty on each count. The question of taking up the Chicago and Alton on similar charges was then considered and the two cases caused much discussion and no little abuse of the Government by more or less interested individuals who thrived most when public confidence was most blind.

An address by the President at Provincetown, Mass., on August 20, produced a most singular effect; on the one side it was considered as assuring that the Government would discontinue any further arraignment of corporations; on the other side it was held to be a new declaration of war.

The correct interpretation would seem to be that the President will not be deterred from fighting what he believes to be wrong in the management of corporations by any fear of disturbing confidence. His view is that the regeneration of corporate management will be quickly followed by a restoration of confidence. Without such regeneration, confidence is only a game in which the least deserving win.

Some complication arose during the month in which the executives of certain states, the United States Courts and the railroads were involved over the effort of the states to reduce the rates charged by the railroads. The old "states' rights" issue was revived and for a time took on a warlike aspect, but the excitement died down after a few days.

Among the general events of the month were several shipments of gold abroad aggregating only about $2,000,000, however; an advance in the Bank of England rate of discount on August 15 from 4 to 4 1-2 per cent., and a drop in the price of British consols at London to the lowest point recorded in sixty years.

Attention was again directed to the unfavorable condition of the bond market by the failure of two prominent cities to place bonds offered for sale on what was once considered a very satisfactory basis of yield. On August 9, Boston offered $4,000,000 four per cent. bonds and received bids for only $200,000. Three days later the City of New York had a public offering of $15,000,000 of four per cent. bonds and received bids for only $2,713,815 at par. Under a recent law passed by the New York Legislature the city was authorized to sell at private sale, at a price not less than par, any bonds not taken at public sale.

The city availed itself of this privilege and for some time contractors to whom the city owed money, took bonds in payment of their claims and sold them at a discount, at one time as low as 93 being quoted for the new bonds bearing four per cent. interest.

The legislature having also authorized the city to sell bonds at a higher rate than 4 per cent., announcement has been made that $40,000,000 bonds bearing 4 1-2 per cent. interest will be offered for sale on

September 10. If these bonds are disposed of it will remove the City of New York from the money market as a borrower for six months to come, and may thus improve the tone of the loan market.

The money market was unsettled at times, while time money was high during the entire month. An announcement by the Secretary of the Treasury on August 23 of his purpose to relieve the money situation for the purpose of facilitating the movement of the crops gave general satisfaction. He decided to deposit Government funds in the banks at the rate of $5,000,000 a week for a period of at least five weeks and to accept as security for such deposits miscellaneous securities other than Government bonds.

The failure of the Pope Manufacturing Company last month was taken as an indication of the tightness in the money market, but its true import appears to have been that the company's credit did not warrant an extension of loans. The wholesale grocery firm of E. C. Hazard & Co., and the New York Stock Exchange house of Mills Bros. & Co., also announced their suspension last month.

In the railroad world two events last month caused some excitement. The Southern Railway on August 23 reduced its semi-annual dividend on the preferred stock from 2 1-2 to 11 1-2 per cent. The Erie Railroad on August 28 declared the semi-annual dividends on the first and second preferred stocks, but made them payable in warrants that run until 1917. These warrants promptly sold down to 50 per cent. of their face.

The increased ratio of expenses under which most of the railroads are now operating has been exceptionally burdensome to the Southern Railway. For the fiscal year ended June 30, 1907, the gross earnings of this road increased $3.000,000 as compared with the previous year while the net earnings show a decrease of nearly $2,000,000. This is an exceptional showing, while the Erie which finds it inconvenient to pay its dividends in cash shows an actual gain of $1,600,000 in net earnings or an increase of $3,900,000 in gross earnings. The demand upon all the roads for means to improve and extend their lines makes the railroad situation rather a difficult one, while the increase in cost of material and price of labor is having its effect upon the net earnings. A number of roads have reported their gross and net earnings for the fiscal year ended June 30 last. A list is here given showing how these earnings compare with those of the previous year:

	Gross Earnings.		Net Earnings.	
	1806	*1907*	*1906*	*1907*
Baltimore and Ohio.........	$77,392,056	$82,248,923	$27,876,535	$27,368,831
Boston and Maine..........	39,214,203	41.125,256	9,860,834	10,156,859
Buffalo, Rochester & Pitts..	7,797,248	8,595,916	3,000,882	3,149,921
Canadian Pacific............	61,669,758	72,217,528	22,973,312	25.303.309
Erie......................	50,002,634	53,914,827	14,129,797	15,747.788
Lehigh Valley..............	32,789.857	36,068.432	12,637.646	13,954,179
Louisville and Nashville....	43,008,996	48,263,945	12.075,532	12,482.643
Missouri, Kansas & Texas..	21,159,145	26,183,959	5.744,600	8,508,509
Nashville. Chat. & St. Louis	11,120,982	12,238,472	2,766,069	2,508,311
New York, Ont. & West....	7,265,058	8,202,361	2,031,771	2,558,015
Norfolk and Western.......	28.487,766	31.164.381	11.423,142	11,649,845
Rock Island	112,464,417	95,376.757	35,215,503	29,133,508
St. Louis Southwestern,....	8,989,564	10,553.135	2,290,120	3,357,032
Southern..................	53,641.439	56,657,994	13,868.300	11,958,712
Southern Pacific............	105,632,549	124,864,440	35,047,360	42,285,533
Union Pacific...............	67,281,543	75,781,115	30,317,770	33.558,651

While some of the roads show a very satisfactory increase in net earnings, others have increased their expenses so as to wipe out all or the greater part of the gain in gross earnings. It is to be remembered, of course, that for a number of years past the profits earned by the railroads from operation have been increasing very rapidly and a less favorable showing for one year is not an indication that the era of prosperity for the railroads has closed.

Of timely interest are the statistics just published in "Poor's Manual of Railroads." They cover the fiscal year ended June 30, 1906, and show that the gross earnings per mile of road increased from $6,054 in 1894 to $10,631 in 1906, and the net earnings from $1,803 to $3,580. The stock capital per mile increased in the same time from $28,236 to $32,533 and the bonded debt from $31,484 to $35,942. The average rate of interest paid on the bonded debt was 3.99 per cent. in 1906 as compared with 4.19 per cent. in 1894, and the average rate of dividends paid on stock was 3.63 per cent. against 1.66 per cent. The following table shows the yearly changes since 1894:

Years.	Earnings Per Mile.		Capitalization Per Mile.			Int. Rate per cent.	Div. Rate per cent.
	Gross.	*Net.*	*Stock.*	*Bonds.*	*Total.*		
1906	$10.631	$3,580	$32,533	$35,942	$71,388	3.99	3 63
1905	9,643	3,129	31.497	34,690	68,038	3.79	3.27
1904	9,248	2.989	30.686	32,731	66,715	4.01	3.31
1903	9,301	2,887	30,719	32,494	65,380	4.17	3.03
1902	8,696	2,830	30,439	32,377	64,371	4.10	2.97
1901	8,270	2,668	30,521	30,811	62,926	4 24	2.65
1900	7,826	2,519	30,205	29,967	61,884	4.27	2.44
1899	7,161	2,272	30,579	30,061	62,268	4.26	1.92
1898	6,771	2.111	30,188	30.479	62,658	4.21	1.71
1897	6,228	1.884	30,526	30,153	62,753	4.24	1.51
1896	6,223	1,840	29,621	30,110	61.631	4.45	1.52
1895	6,097	1,804	28,814	31,413	62,554	4.24	1.58
1894	6,054	1,803	28,236	31,484	61,871	4.19	1.66

The total gross earnings of all the railroads in the country in 1906 amounted to $2,346,640,286, an increase of $234,442,516 over the previous year or more than 11 per cent. The net earnings were $790,187,-712, an increase of $104,723,224, or more than 15 per cent. The dividends paid were nearly $27,740,000, an increase of more than $5,425,000 and the surplus over and above all disbursements was $151,000,000, an increase of nearly $30,000,000. The results of the year which came to an end on July 1 last will not make as favorable a comparison with the previous year as did those of 1906, but the evidences of prosperity will be of a substantial character.

The prosperity not only of the railroads but of the country is largely dependent upon the crops and here there is much of encouragement. The pessimism of a few months ago has gradually given way and it may be deemed fortunate that the worst reports concerning the crops have been the earliest this year.

The Department estimates of August 1 suggest a total wheat crop this year of 638,350,000 bushels. This is nearly 100,000,000 bushels less than the yield of 1906, but it is also the largest for any year prior to 1898. While this year's wheat output will be less than that of either of the previous two years, the total for the three years will be 200,000,-000 bushels more than for the three years 1902 to 1904 inclusive.

The estimated yield of corn this year is 2,648,673,000 bushels, which is 278,000,000 bushels less than in 1906 and 59,000,000 bushels less than in 1905, but with those exceptions the largest ever produced in any year. The corn crops of the last three years are the largest ever recorded. The total yield for the three years is 8,284,000,000 bushels, or more than 1,000,000,000 bushels in excess of the total for the previous three years and 2,500,000,000 bushels more than in the three years 1899 to 1901 inclusive. The following comparative table indicates the changes in wheat and corn production by five-year periods since 1867:

Years.	Wheat.		Corn.	
	Largest.	*Smallest.*	*Largest.*	*Smallest.*
	Bushels.	Bushels.	Bushels.	Bushels.
1867—1871	260,146,900	212,441,400	1,094,255,000	768,320,000
1872—1876	308,102,700	249,997,100	1,321,069,000	850,148,500
1877—1881	498,549,868	364,194,146	1,717,434,543	1,194,916,000
1882—1886	512,765,000	357,112,000	1,936,176,000	1,551,066,895
1887—1891	611,780,000	399,262,000	2,112,892,000	1,456,161,000
1892—1896	515,949,000	396,131,725	2,283,875,165	1,212,770,052
1897—1901	748,460,218	522,229,505	2,105,102,516	1,522,519,891
1902—1906	735,260,970	552,399,517	2,927,416,091	2,244,176,925
Estimated yield in 1907	638,350,000 Bushels.		2,648,673,000 Bushels.	

Only once in the last thirteen years has there been a short crop of corn. That was in 1901 when the yield fell to 1,522,000,000 bushels. In every other year the crop has been in excess of $2,000,000,000 bushels excepting in 1897 and 1898 when the totals were 1,903,000,000 and 1,924,000,000 bushels respectively. In the last five years the annual yield has ranged from 2,244,000,000 to 2,927,000,000 bushels and has averaged 2,575,000,000 bushels.

Prior to 1896 a wheat yield of 500,000,000 bushels was considered a good record. Except for the bumper yield of nearly 612,000,000 bushels in 1891 the high record prior to 1897 was just below 516,000,000 bushels. Since 1896 in no year has the wheat yield fallen below 522,-000,000 bushels while in the last six years the minimum record has been 552,000,000 bushels. In six years of the last ten-year period the yield has exceeded 600,000,000 bushels and twice has gone above 700,000,000 bushels, the high records being 748,000,000 bushels in 1901 and 735,000,-000 bushels in 1906.

The Money Market.—Except for a short time early in the month when the stock market was in a condition verging on panic, the local money market was easy as regards call loans. The rate for money on call touched 6 per cent. on August 7, but was down to 1 3-4 per cent. on August 21. Late in the month there was an advance to 4 per cent., occasioned by the closing of the New York Stock Exchange from August 30 to September 3. Time money has been high and scarce but showed a lower tendency at the end of the month. At the close of the month call money ruled at 2½@4 per cent. with the majority of loans at 3¾ per cent. Time money on Stock Exchange collateral is quoted as 5 per cent. for thirty days, 5½ per cent. for sixty days, 6@6½ per cent. for ninety days to four months, and 6½@7 per cent. for five to six months, on good mixed collateral. For commercial paper the rates are 6½ per cent. for sixty to ninety days' endorsed bills receivable, 6½ per cent. for first class four to six months' single names, and 6½@7 per cent. for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	Apr. 1.	*May 1.*	*June 1.*	*July 1.*	*Aug. 1.*	*Sept. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances........	2¾–5	1¾–2¼	1¾–2½	6 –12	2 –3½	2½–4
Call loans, banks and trust companies....................	3 –	1¾–2	1½–	2½–	2½–	2½–
Brokers' loans on collateral, 30 to 60 days........................	6½–	3½–	2½–3½	4 – ½	5 –	5 – ½
Brokers' loans on collateral, 90 days to 4 months....................	6 –	3¾–4	3¾–4	4½–5	5½– ¾	6 – ½
Brokers' loans on collateral, 5 to 7 months........	6 –	4½–	4½– ¾	5¼–7	6 – ¼	6½–7
Commercial paper, endorsed bills receivable, 60 to 90 days............	6 –½	5½–6	5 – ½	5½–	6 –	6½–
Commercial paper, prime single names, 4 to 6 months..............	6 –½	5½–6	5 – ½	5½–6	6 – ½	6½–
Commercial paper, good single names, 4 to 6 months..............	6¾–7	6 –7	5½–	6 - 6½	6½–7	6½–7

NEW YORK BANKS.—In four weeks in August the deposits of the clearing-house banks of New York were reduced nearly $53,000,000 and loans $39,000,000. Loans are now $41,000,000 in excess of deposits. Ever since the first of the year the loans have been larger than the deposits and on March 16 the excess was nearly $50,000,000. It fell below $17,000,000 on April 20, but since that date the difference between the two items has tended to widen. Compared with a year ago loans show an increase of $24,000,000 while dèposits are less than $5,000,000 larger than they were at this time last year. The deposits reached their highest point for the year on June 1 last, since which time they have fallen $82,000,000. In the same time loans have decreased $51,000,000. Bank reserves were reduced during the month nearly $12,000,000 but the surplus reserve is $1,200,000 larger than it was a month ago and nearly $6,000,000 larger than a year ago.

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

MONTH.	*1905.*		*1906.*		*1907.*	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January......	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February......	1,189 828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,634,100
March.........	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,088,431,800	8,857,650
April..........	1,138,661,800	3,664,575	1,004,290,500	5,181,270	1,019,817,800	13,181,275
May...........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	1,106,183,300	12,846,775
June..........	1,186,477,700	6,050,275	1,036,751,100	6,816,025	1,128,194,600	12,783,450
July...........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	1,092,081,700	2,509,275
August.......	1,190,744,900	15,305,975	1,060,116,900	18,892,475	1,099,802,400	7,478,200
September....	1,166,587,200	5,498,785	1,042,057,200	2,869,400	1,046,655,800	8,756,450
October.......	1,080,465,100	7,440,025	1,034,059,000	12,540,850	....	....
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December....	1,023,882,300	2,565,375	998,684,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

New York City Banks—Condition at Close of Each Week.

Dates.	Loans.	Specie.	Legal tenders.	Deposits.	Surplus Reserve.	Circulation.	Clearings.
Aug. 3...	$1,126,950,700	$210,339,700	$71,959,100	$1,099,302,400	$7,473,200	$50,183,500	$1,603,602,900
" 10...	1,110,453,800	206,346,700	70,640,000	1,076,904,600	7,760,550	50,155,100	1,602,251,200
" 17...	1,096,222,100	203,988,300	70,170,100	1,059,457,300	8,294,078	50,201,800	1,707,918,300
" 24...	1,088,152,000	203,036,800	69,056,500	1,048,383,600	9,976,400	50,165,400	1,375,820,600
" 31...	1,087,985,400	200,889,500	69,530,900	1,046,655,800	8,756,450	50,308,500	1,290,274,400

Non-Member Banks—New York Clearing-House.

Dates.	Loans and Investments.	Deposits.	Specie.	Legal tender and bank notes.	Deposit with Clearing-House agents.	Deposit in other N. Y. banks.	Surplus Reserve.
Aug. 3.....	$115,666,200	$122,161,500	$4,829,200	$6,697,800	$12,858,000	$3,260,100	*$2,900,275
" 10.....	114,669,200	122,818,600	4,818,600	9,058,300	13,584,100	3,768,700	* 1,480,050
" 17.....	114,276,100	120,774,100	4,762,800	7,191,400	11,696,400	3,754,900	* 2,788,025
" 24.....	113,718,600	119,309,900	5,126,700	6,804,100	10,644,200	4,196,800	* 3,055,675
" 31.....	112,452,800	117,166,100	4,976,000	6,830,900	11,029,900	4,275,100	* 2,179,625

* Deficit.

Boston Banks.

Dates.	Loans.	Deposits.	Specie.	Legal Tenders.	Circulation.	Clearings.
July 27........	$194,074,000	$230,433,000	$18,823,000	$4,778,000	$8,288,000	$149,831,500
Aug. 3........	195,288,000	223,138,000	18,468,000	4,826,000	8,274,000	144,000,500
" 10........	196,305,000	218,177,000	18,172,000	3,970,000	8,283,000	139,172,600
" 17........	193,668,000	216,684,000	18,048,000	4,140,000	8,330,000	160,281,200
" 24........	189,463,000	205,243,000	17,531,000	3,825,000	8,349,000	132,879,200

Philadelphia Banks.

Dates.	Loans.	Deposits.	Lawful Money Reserve.	Circulation.	Clearings
July 27..................	$221,334,000	$256,711,000	$59,035,000	$13,641,000	$134,912,700
Aug. 3..................	221,235,000	253,642,000	58,231,000	13,705,000	141,472,000
" 10..................	221,642,000	249,056,000	55,046,000	13,669,000	119,751,300
" 17..................	223,421,000	249,981,000	54,940,000	13,697,000	132,730,500
" 24..................	222,646,000	249,615,000	55,128,000	13,667,000	126,551,300

Gold and Silver in the European Banks.

	July 1, 1907.		Aug. 1, 1907.		Sept. 1, 1907.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England............	£35,544,221	....	£35,839,682	....	£37,668,457	....
France............	110,492,867	£39,695,821	112,029,395	£39,023,235	112,259,480	£38,774,000
Germany...........	36,290,000	12,097,000	32,567,000	9,025,000	36,671,000	10,163,000
Russia............	116,437,000	6,582,000	116,896,000	6,708,000	117,154,000	6,938,000
Austria-Hungary..	45,700,000	12,628,000	45,620,000	12,386,000	45,480,000	12,136,000
Spain..............	15,540,000	25,825,000	15,591,000	25,780,000	15,505,000	25,829,000
Italy..............	32,383,000	4,911,700	33,682,000	4,516,400	34,269,000	4,983,700
Netherlands.......	5,357,700	5,747,100	5,769,700	5,744,300	6,062,700	5,613,100
Nat. Belgium......	3,224,333	1,612,000	3,120,000	1,560,000	3,212,667	1,606,333
Sweden............	4,141,000	....	4,139,000	....	4,249,000	....
Totals..........	£405,109,788	£109,098,621	£405,253,777	£104,742,935	£412,504,304	£106,048,133

Foreign Banks.—The principle banks of Europe gained over $35,-000,000 gold during the month of August, but $20,000,000 went to the Imperial Bank of Germany alone. The Bank of England gained $9,-000,000, France $1,000,000 and Italy $3,000,000. The Bank of France has $22,000,000 less gold than it held a year ago, while Russia shows a gain of $30,000,000.

Foreign Exchange.—There were frequent fluctuations in sterling exchange during the month but the market finally took a downward tendency when it was found that the Bank of England was not likely to advance its rate of discount above the 4½ per cent. rate made earlier in the month. There was an increase in the supply of commodity bills and there are reports of the possible placing of American bond issues abroad.

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling. 60 days.	Bankers' Sterling. Sight.	Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
Aug. 3	4.8350 @ 4.8380	4.8675 @ 4.8685	4.8735 @ 4.8745	4.83⅛ @ 4.83¼	4.82⅝ @ 4.83¾
" 10	4.8300 @ 4.8310	4.8650 @ 4.8665	4.8720 @ 4.8730	4.82½ @ 4.82⅝	4.82 @ 4.83¼
" 17	4.8275 @ 4.8300	4.8700 @ 4.8710	4.8790 @ 4.8800	4.82⅜ @ 4.82½	4.81¾ @ 4.83⅛
" 24	4.8325 @ 4.8335	4.8740 @ 4.8750	4.8800 @ 4.8810	4.82⅝ @ 4.82¾	4.82¼ @ 4.83¾
" 31	4.8250 @ 4.8275	4.8635 @ 4.8645	4.8690 @ 4.8700	4.82⅛ @ 4.82¼	4.81⅛ @ 4.82⅞

Foreign Exchange—Actual Rates on or about the First of Each Month

	May 1.	June 1.	July 1.	Aug. 1.	Sept. 1.
Sterling Bankers—60 days	4.83⅛— ¼	4.83¾— ⅞	4.83⅝— ¾	4.83⅝— ¾	4.82½— ¾
" " Sight	4.86⅛—	4.86¾— ⅞	4.86⅝— ¾	4.86⅞—87	4.86⅜— ½
" " Cables	4.86⅜— ½	4.87¼— ⅜	4.87⅝— ¾	4.87½— ⅝	4.86⅞— 87
" Commercial long	4.82⅞—83	4.83⅜— ½	4.83¼— ⅜	4.83⅜— ½	4.82⅛— ¼
" Docu'tary for paym't.	4.82⅝—83	4.82⅝— 3¾	4.82⅝— 3⅝	4.82⅛— 3¾	4.81½— 2⅞
Paris—Cable transfers	5.16⅞—	5.15⅝— 3/32	5.16¼—15⅝	5.15⅝—	5.16¼—
" Bankers' 60 days	5.20⅝—20	5.19⅜—18¾	5.20 —19	5.19⅜—18¾	5.20⅝— 20
" Bankers' sight	5.17⅛—	5.16¼—15⅝	5.16⅞— ¼	5.16¼—	5.16⅞—
Swiss—Bankers' sight	5.18⅛—17⅛	5.16¼—15⅝	5.16⅞—	5.16¼—	5.17⅛— 16⅞
Berlin—Bankers' 60 days	94 7/16— 9/16	94 9/16— 11/16	94 9/16— 11/16	94⅝— ¾	94 3/16— 5/16
" Bankers' sight	94 15/16— 95	95⅛— 3/16	95⅛— 3/16	95 3/16— ¼	94⅞— 15/16
Belgium—Bankers' sight	5.18¾—17½	5.18⅛—17½	5.18⅛—	5.18⅛—17½	
Amsterdam—Bankers' sight	40¼—	40¼—	40 5/16— ⅜	40⅜—	40 3/16— ¼
Kronors—Bankers' sight	26⅝— ⅞	26¾—27	26¾—27	26¾—27	26¾— ⅞
Italian lire—sight	5.18¾ - ⅛	5.16⅞— ¼	5.15⅝—15	5.15 1/16— 15	515⅝—

Money Rates Abroad.—Rates for money tended downward late in the month, but the decline was not equal to the earlier advance. The Bank of England advanced its ported rate of discount to 4½ per cent.

Bank of England Statement and London Markets.

	May 31, 1907	June 30, 1907.	July 31, 1907.	Aug. 31, 1907.
Circulation (exc. b'k post bills)	£28,822,000	£29,209,000	£29,923,000	£29,175,000
Public deposits	10,689,000	11,019,000	8,665,000	7,618,000
Other deposits	42,352,000	46,874,000	43,407,000	46,864,000
Government securities	15,321,000	15,085,000	16,084,000	14,574,000
Other securities	30,733,000	35,980,000	29,714,000	31,080,000
Reserve of notes and coin	24,834,000	24,784,000	24,367,000	26,944,000
Coin and bullion	35,237,110	35,544,221	35,839,682	37,668,457
Reserve to liabilities	46.82%	42.75%	46.74%	49.40%
Bank rate of discount	4%	4%	4%	4½%
Price of Consols (2½ per cents.)	84½	84½	82⅝	82⅝
Price of silver per ounce	30 13/16d.	31d.	31 11/16d.	31½d.

on August 15th. This is one per cent. higher than the rate of a year ago and compares with 2 1/2 per cent. on September 1, 1905. Discounts of sixty to ninety-day bills in London at the close of the month were 4 3/8@4 5/8 per cent. against 3 3/4 per cent. a month ago. The open market rate at Paris was 3 5/8@3 3/4 per cent against 3 1/8@3 1/4 per cent. a month ago, and at Berlin and Frankfort 4 7/8 per cent. against 4 1/2@4 5/8 per cent. a month ago.

Silver.—The price of silver in London, after advancing to 32 3-16d. early in the month, became weak and on August 23, had fallen to 31 1/8d. The final quotation for the month was 31 1/2d., a decline of 7-16d.

Monthly Range of Silver in London—1905, 1906, 1907.

Month.	1905.		1906.		1907.		Month.	1905.		1906.		1907.	
	High	Low.	High	Low.	High	Low.		High	Low.	High	Low.	High	Low
January..	28 3/8	27 9/16	30 1/4	29 11/16	32 7/16	31 1/4	July......	27 5/16	26 7/8	30 7/16	29 13/16	31 13/16	31
February	28 1/16	27 5/8	30 13/16	30 1/8	32 1/8	31 1/8	August..	28 3/4	27 1/8	30 13/16	29 7/8	32 3/16	31 1/8
March....	27 11/16	25 15/16	30 7/16	29	32 1/16	30 5/8	Septemb'r	28 3/4	28	31 3/4	30 15/16	....	....
April.....	26 5/8	25 7/16	30 3/16	29 5/8	30 1/2	30	October..	28 11/16	28 3/8	32 3/16	31 11/16	....	....
May......	27 5/16	26 1/8	31 5/8	30 3/16	31 1/8	29 11/16	Novemb'r	30 1/16	28 11/16	33 1/8	32	....	....
June.....	27 1/8	26 3/4	31 1/16	29 5/8	31 1/16	30 5/8	Decemb'r	30 1/16	29 5/8	32 1/16	31 3/16	....	....

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	Asked.		Bid.	Asked.
Sovereigns	$4.86	$4.89	Mexican doubloons............	$15.50	$15.65
Bank of England notes.........	4.86	4.89	Mexican 20 pesos..............	19.50	19.65
Twenty francs..................	3.87	3.91	Ten guilders....................	3.95	4.00
Twenty marks...................	4.74	4.78	Mexican dollars.................	.52 1/8	.54 1/8
Twenty-five pesetas............	4.78	4.82	Peruvian soles..................	.48	.50
Spanish doubloons.............	15.50	15.65	Chilian pesos....................	.48	.50

Bar silver in London on the first of this month was quoted at 31 1/2d. per ounce. New York market for large commercial silver bars, 65 5/8@69 7/8c. Fine silver (Government assay), 68 1/2 @ 70c. The official price was 68 3/8c.

National Bank Circulation.—The amount of National Bank notes outstanding was increased $660,000 during the month and of Government bonds to secure circulation $737,000. The growth of circulation appears to be checked for the time being, a limit being set by the limited supply of Government bonds. There was an increase of nearly $2,000,000 in securities deposited to secure public deposits, almost all the increase being represented in miscellaneous securities.

National Bank Circulation.

	May 31, 1907.	June 30, 1907.	July 31, 1907.	Aug. 31, 1907.
Total amount outstanding..............	$601,940,550	$603.788,690	$603,395,886	$604,056,321
Circulation based on U. S. bonds........	553,614,574	555,570,881	555,023,290	556,945,887
Circulation secured by lawful money....	48,325,976	48,217,809	48,372,596	47,110,434
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent........	626,750	415,000	12,500	12,500
Four per cents. of 1925..................	7,859,400	7,956,900	8,482,900	8,513,900
Three per cents. of 1908-1918............	4,382,420	4,817,180	4,882,620	5,177,380
Two per cents. of 1930..................	527,138,150	528,458,250	528,376,950	528,841,550
Panama Canal 2 per cents.............	16,950,580	16,795,580	16,827,580	16,774,380
Total	$556,937,300	$558,442,910	$558,582,550	$559,319,710

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1925, $6,382,250; 3 per cents. of 1908-1918, $7,765,000; 2 per cents. of 1930, $65,-931,950; Panama Canal 2 per cents. $12,858,800; District of Columbia 3.65's, 1924, $1,088,000; Hawaiian Islands bonds, $1,713,000; Philippine loan, $9,644,000; state, city and railroad bonds, $64,329,951; Porto Rico, $780,000; a total of $170,492,051.

Government Revenues and Disbursements.—The Government reports a surplus for the month of August of $3,588,000, which, while much more favorable than the showing made in July, is still below the record of August, 1906. In that month the receipts were $8,000,000 in excess of the disbursements. The receipts this year increased $2,000,000, but the disbursements increased $6,700,000, civil and miscellaneous expenses being $2,500,000 higher than in 1906, and war and navy nearly $3,500,000.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	August, 1907.	Since July 1, 1907.
Customs	$29,716,410	$58,552,859
Internal revenue	22,231,446	45,071,751
Miscellaneous	6,278,425	10,508,137
Total	$58,226,281	$114,132,747
	*$3,588,491	*$7,318,389

*Excess of expenditures.

Expenditures.

Source.	August, 1907.	Since July 1, 1907.
Civil and mis.	$10,248,539	$25,146,701
War	10,332,772	24,561,006
Navy	9,119,506	18,392,872
Indians	1,467,175	2,980,345
Pensions	14,053,932	26,187,153
Public works	7,751,683	18,873,394
Interest	1,664,183	5,319,665
Total	$54,637,790	$121,451,136

United States Public Debt.—The interest-bearing debt is unchanged, but about $4,000,000 of the matured bonds were presented for redemption leaving a little more than $8,500,000 of the 4's of 1907 still unredeemed. The total debt less cash in the Treasury was reduced $3,000,000 although the cash balance is $2,000,000 less than it was a month ago. The net debt is now below $882,000,000.

United States Public Debt.

	June 1, 1907.	July 1, 1907.	Aug. 1, 1907.	Sept. 1, 1907.
Interest-bearing debt:				
Loan of March 14, 1900, 2 per cent	$645,761,650	$646,250,150	$646,250,150	$645,250,150
Funded loan of 1907, 4 per cent	41,752,400	36,126,150	....	....
Refunding certificates, 4 per cent	23,870	22,620	....	....
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Ten-Twenties of 1895, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent.	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt	$899,972,760	$894,834,280	$858,685,510	$858,685,510
Debt on which interest has ceased	1,086,925	1,086,815	13,563,185	9,623,105
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	47,753,708	47,658,804	47,428,404	46,445,882
Fractional currency	6,864,477	6,863,994	6,863,994	6,863,994
Total non-interest bearing debt	$401,352,483	$401,257,097	$401,026,696	$400,044,174
Total interest and non-interest debt.	1,302,412,189	1,297,178,192	1,273,275,342	1,268,352,790
Certificates and notes offset by cash in the Treasury:				
Gold certificates	681,249,869	678,244,869	694,930,869	710,938,869
Silver certificates	475,734,000	475,777,000	474,068,000	472,011,000
Treasury notes of 1890	6,078,000	5,988,000	5,891,000	5,787,000
Total certificates and notes	$1,163,061,869	$1,160,009,869	$1,174,889,869	$1,188,736,869
Aggregate debt	2,465,474,058	2,457,188,061	2,448,165,211	2,457,089,659
Cash in the Treasury:				
Total cash assets	1,682,641,381	1,688,027,086	1,684,605,842	1,690,187,768
Demand liabilities	1,275,011,716	1,269,445,649	1,296,031,654	1,303,527,360
Balance	$407,629,664	$418,581,437	$388,574,188	$386,660,408
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	257,629,664	268,581,437	238,574,188	236,660,408
Total	$407,629,664	$418,581,437	$388,574,188	$386,660,408
Total debt, less cash in the Treasury	894,782,525	878,596,755	884,701,154	881,692,882

FOREIGN TRADE.—The exports of merchandise continue to make new records, the total for July being over $128,000,000, or $17,000,000 more than in July, 1906, which was the largest for that month in any year. Great as the increase in exports, however, the imports are showing larger gains. In July the imports were nearly $125,000,000, or $22,000,000 more than in July, 1906. The excess of exports over imports in July this year was therefore only $4,000,000, as against $9,000,000 in 1906 and $23,000,000 in 1905. Compared with two years ago the exports increased about $21,000,000 and the imports more than $40,000,000. For the seven months of the calendar year exports gained $100,000,000 and imports $136,000,000. Gold to the amount of $4,000,000 net was exported in July, making a loss of nearly $19,000,000 since January 1.

EXPORTS AND IMPORTS OF THE UNITED STATES.

MONTH OF JULY.	MERCHANDISE.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1902	$88,790,627	$79,147,874	Exp., $9,642,758	Exp., $6,289,918	Exp., $1,895,884
1903	91,813,265	82,187,823	" 9,625,442	" 4,486,551	" 451,209
1904	85,223,479	71,193,943	" 14,029,536	Imp., 7,842,169	" 3,153,497
1905	107,930,421	84,512,606	" 23,417,815	" 8,818,967	" 1,308,704
1906	111,693,274	102,592,449	" 9,100,825	" 8,532,085	" 1,082,922
1907	128,765,354	124,764,063	" 4,001,291	Exp., 4,067,404	" 2,593,942
SEVEN MONTHS.					
1902	726,986,790	535,490,016	Exp., 191,496,774	Exp., 13,878,811	Exp., 11,702,680
1903	789,465,174	594,932,332	" 194,532,842	" 21,846,738	" 7,975,254
1904	758,949,576	579,531,496	" 179,418,080	" 12,848,498	" 15,745,596
1905	848,899,444	674,454,040	" 174,445,404	" 19,408,170	" 11,216,547
1906	969,536,002	739,951,779	" 229,584,223	Imp., 39,459,149	" 10,843,821
1907	1,069,215,726	876,043,246	" 193,172,480	Exp., 18,919,489	" 9,417,540

MONEY IN CIRCULATION IN THE UNITED STATES.—The volume of money in circulation was increased nearly $8,000,000 during August, the source of this increase being the United States Treasury. More than $13,000,000 gold certificates were put in circulation, while gold coin was reduced nearly $6,000,000.

MONEY IN CIRCULATION IN THE UNITED STATES.

	June 1, 1907.	*July 1, 1907.*	*Aug. 1, 1907.*	*Sept. 1, 1907.*
Gold coin	$695,680,258	$698,762,929	$566,036,725	$560,356,994
Silver dollars	82,083,942	81,6[illegible]4,518	81,255,667	82,114,368
Subsidiary silver	121,726,527	121,755,976	122,248,618	123,118,909
Gold certificates	630,635,409	602,973,499	614,461,389	627,905,609
Silver certificates	470,459,252	470,375,262	463,816,437	460,505,171
Treasury notes, Act July 14, 1890	6,066,780	5,975,545	5,881,050	5,777,981
United States notes	343,100,193	342,713,692	341,104,470	342,501,772
National bank notes	590,030,208	590,090,835	586,519,204	586,920,836
Total	$2,939,782,569	$2,914,342,256	$2,781,823,560	$2,789,201,620
Population of United States	85,956,000	86,074,000	86,193,000	
Circulation per capita	$34.20	$33.86	$32.27	

MONEY IN THE UNITED STATES TREASURY.—The total amount of money in the Treasury was increased about $2,000,000 during the month, but an increase of $10,000,000 in certificates outstanding caused a redemption of $8,000,000 in the net amount held. The Treasury lost about $9,000,000 gold net.

MONEY IN THE UNITED STATES TREASURY.

	June 1, 1907.	July 1, 1907.	Aug. 1, 1907.	Sept. 1, 1907.
Gold coin and bullion	$923,458,633	$903,251,713	$908,132,013	$912,206,334
Silver dollars	486,167,588	486,557,012	486,995,863	486,137,162
Subsidiary silver	9,052,491	8,804,401	8,587,949	8,385,569
United States notes	3,580,823	3,967,324	5,576,546	4,179,244
National bank notes	11,910,342	13,697,855	16,876,682	17,135,485
Total	$1,434,167,877	$1,416,278,305	$1,426,169,053	$1,428,043,794
Certificates and Treasury notes, 1890, outstanding	1,107,161,441	1,079,324,306	1,084,158,876	1,094,188,741
Net cash in Treasury	$327,006,436	$336,953,999	$342,010,177	$333,855,053

SUPPLY OF MONEY IN THE UNITED STATES.—The gold exported in August caused a decrease in the total gold supply in the country of $1,600,0000. An increase of about $700,000 in fractional silver and of $600,000 in national bank notes made the net reduction in the total money supply about $300,000.

SUPPLY OF MONEY IN THE UNITED STATES.

	June 1, 1907.	July 1, 1907.	Aug. 1, 1907.	Sept. 1, 1907.
Gold coin and bullion	$1,619,136,891	$1,602,014,642	$1,474,168,738	$1,472,563,328
Silver dollars	568,251,530	568,251,530	568,251,530	568,251,530
Subsidiary silver	130,779,018	130,560,377	130,836,567	131,504,478
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	601,940,550	603,788,690	603,395,886	604,056,321
Total	$3,266,789,005	$3,251,296,255	$3,123,333,737	$3,123,056,673

CORPORATE EVASION AND DEFIANCE CONDEMNED.

IN commenting on the transit system of New York, the New York "Journal of Commerce and Commercial Bulletin" says:

"The deficiencies and weaknesses of our whole transit system are due to stock watering, gross abuses of financing and evil management in the past, and all of these have been gathered under the shield of this holding company, which in its organization less than two years ago brazenly added $108,000,000 to the already bloated capitalization of the combined systems. The people of this city have a right to know all there is to know about the methods and condition of this combination and of all its integral parts, and the time has gone by when concealment and secrecy will be tolerated. The disclosures will have to be made; if not peaceably and amicably to this Commission, then under duress to the Legislature of the state whose authority cannot be defied. The policy of hugger-mugger, defiance and evasion will have to cease, the truth will have to be brought to light and public authority will have to be submitted to, and the sooner the men now in positions of responsibility with these companies make up their minds to that the better it will be for them, for the corporations and for the interests of the community. If they start out upon a policy of resistance to inquiry and the disclosure of the true situation, it will be the worse for them in the end."

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—Harry E. Ward, who has been connected with the Irving National Exchange Bank for the last six years, was recently made assistant cashier.

—Allen G. Hoyt, head of the bond department of the National City Bank, has been admitted to membership in the banking house of N. W. Halsey & Co. Mr. Hoyt has been with the City Bank about four years, and has been in charge of that institution's bond department ever since it was started.

Previously he had been private secretary to the Controller of the Treasury in Washington.

—Jacob H. Schoonmaker, of Butler Bros., Inc., has been elected a director of the Irving National Exchange Bank.

—The Empire Savings Bank has given notice to the effect that as a result of increased earnings the interest rate to depositors will soon be increased to four per cent. per year. The bank is now paying 3 and 3½ per cent. interest.

—Interests identified with the Mutual Life Insurance Company, it was stated recently, have bought control of the Fifth Avenue Trust Company, a Mutual Life institution, capitalized at $1,000,000 and having assets of more than $20,000,000. The new owners, it is understood, are affiliated with the Morton Trust Company group, Levi P. Morton being the head of both companies. There appears, however, to be no intention at present of combining the two concerns, although they will probably work in harmony.

—Property at the northwest corner of Fifth avenue and Twenty-eighth street has been bought by the Second National Bank. A bank and office building will be erected on the site.

WILLIAM J. GILPIN,
Assistant-Manager New York Clearing-House Association.

—William J. Gilpin, assistant manager of the New York Clearing-House, recently completed thirty years with that institution, having become an employee of the clearing-house upon leaving school in 1877. He was appointed assistant manager fifteen years ago, succeeding William Sherer in that position when Mr. Sherer was made manager.

—The Bryant Park Bank commenced business on September 9 at 122 West Forty-second street, in the building erected for its use. It is a state bank, with $200,000 capital and $100,000 surplus. Officers: President, W. W. Warner; vice-presidents, Edward Ashforth and Jules Weber; cashier, E. F. Giese; assistant cashier, L. C. Meeks.

—A short time ago agreements were signed between the Mutual Life Insurance Company and President George M. Cumming of the United States Mortgage and Trust Company as the head of a syndicate, whereby Mr. Cumming and a group of associates take over from the Mutual Life its entire holdings of United States Mortgage and Trust Company stock, the par value of which is $1,073,600 and the net market value, according to the last statement of the Mutual Life, $4,831,200. This transaction is only one of a series of operations by which the company is fully complying with the recent insurance laws.

The United States Mortgage and Trust Company is one of the large financial institutions of the city, having a capital and surplus of $6,000,000 and deposits of nearly $30,000,000.

NEW ENGLAND STATES.

—Maine has established a new system of examination for trust companies, the examinations to be made by two or more directors who are not to be officers or members of the executive committee.

—The annual returns by the treasurers of the savings banks of New Hampshire to the Board of Bank Commissioners show the largest total resources in the history of New Hampshire banks amounting to $91,840,557.39. The total number of depositors June 30 was 183,243, an increase of 8,767, and the average amount due each depositor is $442.72. If distributed among the entire population of the state, the average deposit for each person would be $197.86. The amount of dividends paid during the year was $2,629,514.44, an increase of $220,573.85. The assets show a marked increase of home investments.

—On September 9 a reception was given at the Hartford Club to celebrate the fiftieth anniversary of Appleton R. Hillyer's connection with the Aetna National Bank of Hartford, Ct., as director and officer. Mr. Hillyer is vice-president of the bank.

MIDDLE STATES.

—On September 1 the Allentown (Pa.) Trust Company, which was chartered on June 25, commenced business. Its capital is $500,000. Following are the officers: President, Marcus C. L. Kline; first vice-president, John W. Eckert; second vice-president, William G. Bonneville; secretary and treasurer, James L. Marsteller; trust officer, Edwin H. Stine; real estate officer, T. F. Keck.

—Herbert F. Gillingham, who for thirteen years has been vice-president of the Northern National Bank of Philadelphia, has been chosen to succeed the late Edmund R. Watson as executive head of the institution. The new president has been identified with the bank since 1897 and is well known in banking circles. He is a director of the Northwestern Trust Company and prominent in the iron and steel trade.

—On August 22 the national banks of Pittsburg reported: Capital, $29,200,000; surplus and profits, $34,457,853; deposits, $182,385,943.

—The First National Bank of Highland Falls, Orange County, N. Y., is being organized with $25,000 capital, the stock to be issued at $105 per share.

—The Albany (N. Y.) Trust Company reported on June 4: Capital, $400,000; surplus and profits, $331,688; deposits, $6,813,396.

—The thirteenth annual convention of the Pennsylvania Bankers' Association was held at the Hotel Schenley, Pittsburgh, September 5 and 6, Joseph Wayne, Jr., cashier of the Girard National Bank, Philadelphia, presiding. A. M. Thompson, city solicitor, and J. I. Buchanan, president of the Pittsburgh Trust Company, made the addresses of welcome. Other addresses were: "National Bank vs. Trust Company," John G. Reading, president Susquehanna Trust and Safe Deposit Company, Williamsport; "Merits of the National Banking System," Hon. Charles H. Treat, Treasurer of the United States; "The Boston Clearing-

House Method of Handling Outside Checks, and Its Advantages," Charles A. Ruggles, manager Boston Clearing-House Association.

The Pittsburgh bankers had arranged a delightful series of entertainments, which added greatly to the success of the convention.

—On the evening of August 29 friends and patrons of the National City Bank of New Rochelle, N. Y., were invited to inspect the bank's new building, recently completed.

SOUTHERN STATES.

—The National Bank of Commerce, Hattiesburg, Miss., now occupies its new building, which is described as one of the handsomest in the Southern States. The front is of Roman design and is built of Indiana limestone. Throughout the furnishings and equipment are of the best.

This bank commenced business in 1895 with $25,000 capital, and has grown to be one of the leading banks of the state. Its officers are: President, J. P. Carter; vice-presidents, John Kamper and F. W. Foote; cashier, R. C. Hauenstein; assistant cashier, George J. Hauenstein.

—In making the recent increase in the capital of the Dominion National Bank of Bristol, Va.-Tenn., from $75,000 to $150,000, the holders of the existing stock were asked to relinquish their right to subscribe for the entire issue of new stock, and one-half of the increase was allotted to depositors in blocks of from two to ten shares, thus insuring new business to the bank. The new stock was sold at $125, and while there was but $40,000 available to be sold to "outsiders," the applications amounted to over $100,000. The bank now has $150,000 capital and $35,000 surplus and profits.

WESTERN STATES.

—It is reported that the First National Bank of Calumet, Mich., which has $150,000 capital and $265,000 surplus and undivided profits, will declare a stock dividend of $50,000, applying this to increasing the capital to $200,000.

—Isaac N. Perry and his associates have sold their interests in the Federal National Bank of Chicago to John

Worthington and others of Kansas City, Mo. The following officers have been elected: President, Edward C. Brainard; vice-president, John Worthington; cashier, Charles J. L. Kressman.

—Illinois bankers will hold their annual convention at Moline October 9 and 10.

—The Indiana State Bankers' Association meets at Indianapolis October 23 and 24.

—Mrs. H. W. Dickinson was recently elected president of the Adams County Bank, West Union, Ohio.

—The Cuyler Trust and Savings Bank and the Sheridan Trust and Savings Bank are being organized in Chicago.

—Guthrie, Oklahoma, it is reported, is to have a co-operative bank and trust company, the $200,000 capital being distributed among farmers and members of labor unions.

—The People's Savings Bank of Bay City, Mich., has $50,000 capital, $10,000 surplus, and $700,000 total assets. In the past year the deposits have increased $175,000—an exceptionally good record in view of the fact that this is the youngest bank in Bay City, and that there are six competitors in the field. Officers of the People's Savings Bank are: President, Fred Mohr; vice-president, E. T. Carrington; cashier, T. R. Shaver.

—Hon. A. L. Clarke, president of the First National Bank, Hastings, Nebraska, and a member of the Legislature of that state, reports the following changes in the laws as being of interest to bankers:

"The decedent act creates a radical change in succession to estates.

The dower and courtesy rights are abolished and the whole estate is subject to debts and homestead rights.

First.—One-fourth part to the husband or wife if the survivor is not the parent of all the children of the deceased and there be one or more children, or the issue of one or more deceased children surviving.

Second.—One-third part to the husband or wife if the survivor is the parent of all the children of the deceased and there be two or more children, or one child and the issue of one or more deceased children surviving.

Third.—One-half to the husband or wife, if the survivor is the parent of all the children of the deceased and there be only one child, or the issue of one child, surviving.

Fourth.—One-half to the husband or wife, if there be no child nor the issue of any deceased child nor children surviving.

Fifth.—If the deceased have relatives of his or her blood, the residue of the real estate of which he or she shall die seized, in cases above named, when not lawfully devised shall descend, subject to the rights of homestead in the same manner and to the same persons as hereinafter provided for the descent of real estate of deceased persons leaving no husband or wife surviving; and in the event the deceased leave no relatives of his or her blood, the residue of the real estate herein provided for shall also descend to the surviving husband or wife.

A law was also passed providing that the minimum capital of banks in towns and villages having less than 1500 population shall be $10,000."

—Deposits of the State Bank of Kansas City, Kansas, have increased as follows since the bank opened for business on May 1, 1905:

August 25, 1905	$175,583.03
November 9, 1905	264,322.95
January 29, 1906	312,993.20
April 6, 1906	359,841.52
May 6, 1907	542,454.25

Since April 6, 1906, the capital has been increased from $50,000 to $100,000, and the surplus and undivided profits from $4,650 to $12,643. The average gain in deposits has been at the rate of $30,000 a month. Besides making the addition to surplus and profits, as noted, the bank has paid ten per cent. in annual dividends. C. K. Wells is president, F. S. Merstetter, vice-president, and C. N. Prouty, cashier.

—Port Huron, Mich., has a new bank, the German-American Savings, with $100,000 capital. W. F. Davidson is president; A. E. Stevenson, vice-president, and C. C. Peck, cashier.

—The Commercial National Bank of Chicago has issued its annual report on the condition of crops and business, based upon about 30,000 replies from its correspondents. At this time, the following from the report will be of especial interest:

"After the exhaustive and protracted discussion of the two plans of currency reform now before the public it is rather surprising that the returns indicate almost absolute neutrality of opinion as to credit currency, according to the plan of the American Bankers' Association. We gather that the positive opinion in favor of a properly regulated credit currency is only two per cent. in excess of the negative and indifferent opinion. The question appears to have been canvassed in the light of strictly local conditions. Bankers in regions of peculiar stress, or in localities where the habits of the business community make usual modes of relief ineffective, are in favor of credit notes; but in regions whose resources are of a spot cash order there is a disinclination to weigh duly the arguments of those whose needs suggest a truly flexible circulating medium.

Unfortunately the virtual identity of deposit liabilities and credit bank notes seems to be a less potent argument with a large part of the banking industry of the country than the traditional horror attaching to bank notes without a bond basis.

In this state of affairs it appears to us that the central bank of issue plan proposed by the New York Chamber of

Commerce and the American Bankers' Association plan are equally powerless to enlist support enough to insure affirmative legislation. The campaign of education must, therefore, be prosecuted with such vigor as students of affairs can muster, in the hope that finally the baseless prejudice now existing may be swept away, and that the proposed reform is not so much in the interest of the bankers as it is of the merchant, the manufacturer and the money borrower."

—Edmund H. Mullowney of Albion, Nebraska, who has been actively engaged in banking for twelve years, was recently appointed a bank examiner by the Nebraska State Banking Board.

PACIFIC SLOPE.

—F. A. Heinze, it is reported, will head a new bank to be organized at Seattle, Washington.

—It is announced that the capital of the Seattle (Washington) National Bank will be increased from $300,000 to $500,000, and also that National City Bank interests of New York will purchase a considerable share of the bank's stock.

—At the recent convention of the Washington Bankers' Association at Spokane, rules were adopted governing the work of the protective committee of the association.

—The Old National Bank of Spokane, Washington, reached its high-water mark for deposits on July 25—$7,103,000, representing a gain of $1,625,000 in a year. In the fall of 1902, when the present ownership of the bank took control, the deposits were only $960,000.

—The Montana Bankers' Association met at Livingston August 17, A. J. Bennett of Virginia City presiding. Secretary Frank Bogart reported, in part, as follows:

"The deposits of the national banks of the state on June 18, 1906, were $23,400,000, and on May 20, this year—just eleven months later—$28,300,000; an increase of $5,000,000, while in the state banks for the same period the increase was $3,800,000. Thus the increase in these two classes of banks for those eleven months was about $9,000,000, not counting the increase in the private banks which constitute one-third of all the banks of the state.

Thus I think it can be safely estimated that the total increase of deposits of all kinds in all the banks of the state for the past year is $12,000,000. This is $4,000,000 more than the increase of the previous year. Is there any wonder that twenty-four new banks entered the field in the past twelve months?

There are now 123 banks in the state—thirty-seven national, forty-five state and forty-one private. Of these 103 are members of our association and we now have as many members as there were banks in the state at this time last year.

During the past twelve months we have gained twelve members and, by reason of consolidation, etc., have lost three. One non-member also discontinued operations."

The officers elected for the ensuing year are: President, John G. Morony of Butte; vice-president, A. L. Babcock of Billings; secretary and treasurer, Frank Bogart of Helena. The executive board consists of A. L. Smith of Helena,

George Cox of Bozeman, and A. E. Newlin of Missoula. District vice-presidents were elected as follows: N. J. Gould, Helena; J. S. Dutton, Butte; E. J. Bowen, Anaconda; M. A. White, Hamilton; A. L. Stone, Dillon; D. A. McCaw, Livingston; E. F. Meyerhoff, Forsyth; A. E. Schwengel, Great Falls; E. W. King, Bozeman; L. R. Rotwitt, Townsend; D. R. Peler, Kalispell, and O. R. Bergeson, Chinook. B. A. White of Dillon was chosen delegate to the convention of the American Bankers' Association.

—The collapse in the market for copper, comes as a result of an attempt to artificially force up the price. The result has been a heavy drop in prices and as a consequence, the partial closing down of the mines at Butte and other places. If this condition of affairs continues, it is inevitable that the effect on other lines of business will be felt with more or less severity.

WITH BANKERS MAGAZINE ADVERTISERS.

MECHANICAL BOOKKEEPING IN BANKS.

That almost every operation involved in keeping the books of a bank, from those of a great metropolitan concern to those of a village institution, can be done from first to last by machinery, is no longer a fantastic theory or hazy experiment, but a fact in daily demonstration. The revolution has been gradual but none the less sure, and the stability of the new system is attested in more ways than one, not the least of these being the fact that institutions equipped with it are coming to regard the older methods as crude, cumbersome, and deservedly obsolete.

The machine which has made possible this radical departure has, at first glance, much of the appearance of an ordinary typewriter, and as a matter of fact it is a writing-machine, but one with such features added to and incorporated in its mechanism as to immediately arrest and hold the attention of all interested in progressive business systems, and the elimination of the tardy, roundabout and very often inaccurate methods of manual work. Of these features, the principal ones, namely: the adding and tabulating mechanisms, and the book-recording desk adjustment, will be touched on here in their relation to the complicated and elaborate systems of bank bookkeeping.

Writing upon a flat surface or "platen" (as distinguished from the round cylinder of the typewriter), the machine accommodates books bound in the ordinary way, from the heaviest ledger down, by means of a device whereby the book is sunk into the desk, the page desired for writing being turned over the platen, where if necessary a carbon sheet provides for copies of all matter written. Or it can with equal facility and convenience accommodate loose leaves, made in duplicate, one sheet to serve as a depositor's statement, and the other to be filed later in binders made for the purpose as part of the bank's records. By means of the adding mechanism all figures set down are automatically added and proven. The totals can be carried from one column to another, the debits in black, the credits in red, or vice versa, each machine being provided with an adjustable two-color ribbon. The adding registers, which are about an inch in width and are fixed upon a rod at the back of the machine, will add in any column, upon any part of the writing surface of the sheet. Registers to the number of twenty can be operated upon each machine.

In this way the listing of checks, the issuing of collection letters, the posting of depositors' accounts, and all the work of the individual ledger, credit and debit journal, daily balances, etc., can be accomplished with an accuracy and facility unknown under the old methods.

The methods and machines described are those of the Elliott-Fisher Company, whose general offices are located at 329 Broadway, New York city, with branch offices throughout the world.

WATER WAY OR RAILWAY—D. & B. LAKE LINE ACCEPTS RAILWAY TICKETS.

All classes of tickets reading via the Michigan Central, Wabash and Grand Trunk Railways between Detroit and Buffalo in either direction are available for transportation on D. & B. Daily Line Steamers. This arrangement enables the traveler between Eastern and Western states to forsake the hot, dusty cars and enjoy the delights of a cool night's rest en route. Send stamp for booklet.

Address Detroit & Buffalo Steamboat Co., 6 Wayne Street, Detroit, Mich.

BURROUGHS SALESMEN ENTERTAINED.

Recently the Burroughs Adding Machine Company called about 250 of its salesmen together for a business conference at Detroit. In addition to considering matters of interest in promoting the sales of machines, a great deal of time was devoted to interesting entertainment features provided by the company.

"HOW TO INCREASE YOUR DEPOSITS."

"How to Increase Your Deposits," is a small but attractive folder artistically printed in blue and red, which has just been issued by Voorhees & Company, of New York city, "Specialists in Bank Advertising." Among other bits characteristic of this little folder are the following: "We do one thing and we do it well;" "We give special treatment to each customer, and our work is of a personal and direct nature. Better still, it brings business—and that is what you want."

A leaflet accompanies the folder containing testimonials from numerous clients expressing their satisfaction with the work done by Voorhees & Company.

THE HOLLAND-AMERICA LINE'S NEW STEAMER.

The Holland-America Line is about to add another new steamship to its fleet. It will be called the "Rotterdam," and will be ready for service in the spring of 1908.

The new steamship will be a twin-screw vessel of 24,000 tons, with a length of 668 feet. Her beam will be 77 feet, and like the New Amsterdam, of the same line, her depth will be 48 feet.

The "Rotterdam" will carry two masts and two funnels, and her twin propellers will be worked by two independent engines of the balanced quadruple expansion type, with a capacity of 12,000 horse-power. The generating force of the propellers will come from eight double-ended boilers, and 48 furnaces, giving the steamship a speed of from 16 to 17 miles an hour. The draft of the vessel, when fully loaded, will be the same as that of the New Amsterdam. In addition to the two independent engines, there will be 52 smaller engines.

The steamship will have ten decks (one more than the New Amsterdam), the total area of which amounts to 22,300 square feet, more than that of any other ocean liner. There will be three promenade decks for the benefit of the passengers, and about 400 cabins—300 first-class— of which 60 will have private baths, etc., and 100 of which will each be fitted up for the accommodation of one person. There will also be a number of "cabins de luxe," several of which will be arranged en suite. There will be no upper berths in any of these cabins, thus assuring comfort and convenience to each passenger.

The second and third-class cabins, although less luxurious than the first, will be comfortably equipped; the second-class having a huge dining-room with a seating capacity of more than 300 persons, spacious smoking rooms, and rooms for the comfort and convenience of the women passengers. The third-class passengers will be exclusively lodged in cabins of two, four and six persons each; a large dining and smoking room being also provided.

The great dining saloon of the first cabin will seat about 500 persons. There will be a "social hall," with a palm garden above, fitted up as a cafe or tea room for ladies and gentlemen. There will also be a separate library located amidship. Two smoking rooms—one above the other—will be connected with a roofed room open "abaft," known on the newest German steamers as "laube," and on the latest French steamers as "cafe-terrasse." All the halls and saloons will be decorated by Dutch furnishers.

The new vessel will be equipped with the latest devices in navigation; it will have an electric elevator, water-tight bulkheads closed by electricity, fire alarm and telephone connection all over the ship, wireless telegraphy, and submarine signal-receiving apparatus, etc.

The carrying capacity of the "Rotterdam's first cabin will be about 500, that of the second 400, and that of the third cabin, about 2,500. The crew will number 450.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

Groves National Bank, Hollis, Okla.; by W. B. Groves, et al.
United States National Bank, Seattle, Wash.; by H. Lindley, et al.
National Produce Bank, Chicago, Ill.; by E. Dickinson, et al.
Maxfield National Bank, Batesville, Ark.; by T. Maxfield, et al.
Griswold National Bank, Griswold, Ia.; by H. Wilcox, et al.
First National Bank, Somerfield, Pa.; by J. W. Endsley, et al.
First National Bank, Florala, Ala.; by G. H. Malone, et al.
Farmers and Citizens' National Bank, Montgomery, Pa.; by A. P. Hull, et al.
Arkansas National Bank, Eureka Springs, Ark.; by B. H. Blockson, et al.
First National Bank, Crowder, I. T.; by J. B. Henderson, et al.
First National Bank, Bancroft, Neb.; by J. E. Turner, et al.
First National Bank, Richwood, O.; by E. A. Schambs, et al.
Eureka Springs National Bank, Eureka Springs, Ark.; by C. M. Lawson, et al.
First National Bank, Cimarron, N. M.; by W. A. Merrill, et al.
First National Bank, Burnside, Ky.; by C. W. Stuart, et al.
Farmers' National Bank, Sunman, Ind.; by C. Neufarth, et al.
Farmers' National Bank, Knoxville, Ia.; by L. N. Hays, et al.
First National Bank, Leesport, Pa.; by S. H. Lenhart, et al.
Farmers' National Bank, Stafford, Kans.; by F. S. Larabee, et al.
First National Bank, Brownsburg, Ind.; by S. M. Richcreek, et al.
Citizens' National Bank, Grand Saline, Tex.; by Jno. M. Dean, et al.
Live Stock National Bank, South Omaha, Neb.; by L. M. Lord, et al.
First National Bank, Canton, Tex.; by L. L. Jester, et al.
Saranac Lake National Bank, Saranac Lake, N. Y.; by A. K. Botsford, et al.
First National Bank, Highland Falls, N. Y.; by J. L. Hicks, et al.
First National Bank, Soda Springs, Ida.; by D. L. Lau, et al.
First National Bank, Lockport, Ill.; by E. J. Murphy, et al.

Power National Bank, Archer City, Tex.; by F. M. Power, et al.
Carnegie National Bank, Braddock, Pa.; by P. J. Brennan, et al.
Citizens' National Bank, Highland Falls, N. Y.; by G. W. Flood, et al.
Grange National Bank, of Bradford Co., Troy, Pa.; by E. Everett, et al.
First National Bank, Huntingburg, Ind.; by G. G. Robertson, et al.
First National Bank, Frankford, Dela.; by Jno. H. Long, et al.
First National Bank, Turnersville, Tex.; by F. E. McLarty, et al.
First National Bank, Logan, N. M.; by S. McFarland, et al.
First National Bank, Pampa, Tex.; by J. R. P. Sewell, et al.
Hartford National Bank, White River Junction, Vt.; by D. A. Perrin, et al.
Tuckahoe National Bank, Tuckahoe, N. Y.; by A. M. Campbell, et al.
First National Bank, Lordsburg, N. M.; by Frank R. Coon, et al.
First National Bank, Bogahusa, La.; by Chas. W. Goodyear, Jr., et al.
Citizens' National Bank, Washington, Ga.; by R. O. Barksdale, et al.
First National Bank, Lewisburg, Tenn.; by W. R. Hutton, et al.
First National Bank, Chillicothe, Tex.; by R. A. Morgan, et al.
First National Bank, Buffalo, Okla.; by H. F. Johnson, et al.
First National Bank, Fort Lee, N. J.; by H. H. Ghent, et al.
First National Bank, Huntley, Mont.; by M. J. Egleston, et al.
First National Bank, Farmingdale, N. Y.; by A. Bausch, et al.

Application for Conversion to National Banks Approved.

Citizens' Bank, Riverside, Cal.; into Citizens' National Bank.
Bopp Bros. State Bank, Hawkeye, Ia.; into First National Bank.
State Bank, Lawrence, Neb.; into First National Bank.
Bank of Alamance, Graham, N. C.; into National Bank of Alamance.
Merchants' Bank, Waitsburg, Wash.; into First National Bank.
Salyersville Bank, Salyersville, Ky.; into Salyersville National Bank.
Blair State Bank, Blair, Okla.; into First National Bank.
Merchants' State Bank, Wimbledon, N. D.; into Merchants' National Bank.

National Banks Organized.

8805—First National Bank, Carlisle, Ind.; capital, $35,000; Pres., Wm. A. Lisman; Vice-Pres's., J. F. Alumbaugh and Wm. M. Trimble; Cashier, DeL. J. Mathes; Asst. Cashier, Harry T. Alumbaugh.

8806—First National Bank, Olyphant, Pa.; capital, $100,000; Pres., E. S. Jones; Vice-Pres., B. J. Lynch; Cashier, E. W. Shirer. Conversion of Citizens' Bank.

8807—First National Bank, Oakville, Tex.; capital, $25,000; Pres., T. Hamilton; Vice-Pres., Lee Hinton; Cashier, D. T. Blair.

8808—First National Bank, Scott City, Kans. (P. O. Scott); capital, $25,000; Pres., A. S. Christy; Cashier, R. B. Christy; Asst. Cashier, H. S. Rector.

8809—First National Bank, Warner, I. T.; capital, $25,000; Pres., T. G. Overstreet; Vice-Pres., Jno. Shinn; Cashier, H. C. Wynne.

8810—First National Bank, Mansfield, Pa.; capital, $50,000; Pres., Chas. S. Ross; Vice-Pres., W. D. Rose; Cashier, W. W. Allen.

8811—First National Bank, Utica, Neb.; capital, $30,000; Pres., Fritz Beckord; Vice-Pres., Fred H. Beckord; Cashier, G. G. Jones. Conversion of Utica Bank.

8812—First National Bank, Curtis, Neb.; capital, $25,000; Pres., Thos. Scott; Vice-Pres., N. J. Hall; Cashier, W. E. Stephenson.

8813—First National Bank, Appleton, Minn.; capital, $25,000; Pres., W. V. Lathrop; Cashier, A. L. Sloss; Asst. Cashier, G. Kivley. Conversion of Bank of Appleton.

8814—First National Bank, Adairville, Ky.; capital, $25,000; Pres., H. E. Orndorff; Vice-Pres's., G. A. Smith and I. G. Mason; Cashier, L. S. Evans.

8815—People's National Bank, Aspen, Colo.; capital, $25,000; Pres., S. C. McNeill; Vice-Pres., B. R. Kobev; Cashier, E. F. Pumphrey; Asst. Cashier, Geo. B. Folsom.

8816—First National Bank, Silverton, Tex.; capital, $30,000; Pres., Jno. Burson; Vice-Pres., J. A. Bain; Cashier, D. C. Lowe.

8817—Moore National Bank, Moore, Tex.; capital, $25,000; Pres., H. E. Johnson; Vice-Pres., W. R. King; Cashier, T. H. Mullin.

8818—Exchange National Bank, Waco, Tex.; capital, $200,000; Pres., D. S. Eddins; Vice-Pres's., A. P. Duncan and C. M. Hubby; Cashier, F. E. McLarty.

8819—People's National Bank, Abingdon, Va.; capital, $50,000; Pres., M. H. Honaker; Vice-Pres., W. M. Slemp; Cashier, W. E. Williams.

8820—First National Bank, Swayzee, Ind.; capital, $25,000; Pres., A. E. Curless; Vice-Pres., D. Nesbitt; Cashier, J. A. Curless; Asst. Cashier, E. Miller.

8821—First National Bank, Turtle Lake, N. D.; capital, $25,000; Pres., Wm. Lierboe; Cashier, R. T. Lierboe.

8822—First National Bank, Malad City, Ida.; capital, $30,000; Pres., Jedd Jones; Vice-Pres., Jno. E. Jones; Cashier, W. H. Richards.

8823—McCook National Bank, McCook, Neb.; capital, $50,000; Pres., P. Walsh; Vice-Pres., C. F. Lehn; Cashier, C. J. O'Brien.

8824—First National Bank, Aspinwall, Pa.; capital, $25,000; Pres., L. A. Burnett; Vice-Pres., Jno. J. Frey; Cashier, J. L. Shakely.

8825—Groves National Bank, Hollis, Okla.; capital, $25,000; Pres., Wm. B. Groves; Vice-Pres., L. H. Bellah; Cashier, J. D. Penington.

8826—National Bank, Toronto, O.; capital, $50,000; Pres., L. H. Hilsinger; Vice-Pres., Guy Johnston; Cashier, J. C. Hilsinger.

8827—Central National Bank, Los Angeles, Cal.; capital, $200,000; Pres., Wm. Mead; Vice-Pres., P. W. Weidner; Cashier, W. C. Durgin; Asst. Cashier, James B. Gist.

8828—First National Bank, Newport, Wash.; capital, $25,000; Pres., Chas. F. Craig; Vice-Pres., Hy. Tweedie; Cashier, A. E. Reid; Asst. Cashier, E. L. Craig. Conversion of Pend d'Oreille Valley State Bank.

8829—Little Falls National Bank, Little Falls, N. J.; capital, $25,000; Pres., J. M. Strong; Vice-Pres., Hy. Hyer; Cashier, Fred'k Heermance.

8830—First National Bank, Brooksville, Ky.; capital, $25,000; Pres., Wm. P. Haley; Vice-Pres., H. L. Corlis; Cashier, Geo. B. Poage.

8831—Grange National Bank, Mansfield, Pa.; capital, $50,000; Pres., E. B. Dorsett; Vice-Pres's., Francis Kelley, Benj. Moody and J. F. Haverley; Cashier, W. D. Husted; Asst. Cashier, Leon A. Lewis.

8832—Bankers' National Bank, Evansville, Ind.; capital, $250,000; Pres., Sam T. Heston; Vice-Pres., O. W. McGinnis; Cashier, Jno. O. Davis.

8833—First National Bank, Lindenhurst, N. Y.; capital, $25,000; Pres., W. C. Abbott; Vice-Pres's., Chas. Weierter, Jr., and Fred'k Sheide; Cashier, Geo. Pebler.

8834—First National Bank, Marlboro, N. Y.; capital, $25,000; Pres., J. F. Wygant; Vice-Pres., W. E. Holloway; Cashier, C. W. Davis.

8835—Birdseye National Bank, Birdseye, Ind.; capital, $25,000; Pres., Frank Zimmer; Vice-Pres., James E. Glenn; Cashier, Gus. Sharp.

8836—First National Bank, Selmer, Tenn.; capital, $30,000; Pres., P. H. Thrasher; Vice-Pres., J. T. Warren; Cashier, Albert Gillespie.

8837—First National Bank, Hendersonville, N. C.; capital, $30,000; Pres., W. J. Davis; Vice-Pres., Geo. I. White; Cashier, K. G. Morris; Asst. Cashier, P. F. Patton. Conversion of Commercial Bank.

8838—Citizens' National Bank, Highland Falls, N. Y.; capital, $25,000; Pres., Geo. W. Flood; Cashier, Isaac H. Birdsley.

8839—Citizens' National Bank, Tippecanoe City, O.; capital, $50,000; Pres., S. R. Fergus; Vice-Pres., S. D. Hartman; Cashier, Chas. O. Davis.

8840—First National Bank, Fruita, Colo.; capital, $25,000; Pres., W. A. Lockett; Vice-Pres., S. G. Lane; Cashier, I. H. Whittemore.

8841—National Bank, Huron, S. D.; capital, $50,000; Pres., C. E. Bryant; Vice-Pres., H. C. Shober; Cashier, G. C. Fullinweider; Asst. Cashiers, W. S. Davis and H. J. Morvay.

8842—National Produce Bank, Chicago, Ill.; capital, $250,000; Pres., E. L. Wagner; Asst. Cashier, R. N. Ballou.

8843—First National Bank, Turnersville, Tex.; capital, $25,000; Pres., A. P. Duncan; Vice-Pres's., W. T. McLarty and H. N. Davis; Cashier, J. W. Short.

8844—National Bank of Alamance, Graham, N. C.; capital, $50,000; Pres., E. M. Armfield; Vice-Pres., J. L. Scott, Jr.; Cashier, Chas. A. Scott. Conversion of Bank of Alamance.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Atmore—People's Bank & Trust Co.; capital, $21,000; Pres., Wm. E. Mathis; Vice-Pres., W. Y. Gordon; Cashier, W. F. Lamont.

Sheffield—People's Bank; capital, $31,-000; Pres., J. H. Lester; Vice-Pres., C. B. Ashe.

ARKANSAS.

Cove—Bank of Cove; capital, $5,000; Pres., R. Goff; Vice-Pres., J. G. Hilton; Cashier, B. J. Spencer.

Des Arc—Des Arc Bank & Trust Co.; capital, $7,000; Pres., E. Vaughan; Vice-Pres., G. W. Edmondson; Cashier, E. Vaughan; Asst. Cashier, N. E. Tisdale.

Springtown—Farmers' Bank; capital, $10,000; Pres., Joe L. Clemmer; Vice-Pres., E. E. Wilson; Cashier, C. M. Scott; Asst. Cashier, D. L. Wasson.

St. Joe—Bank of St. Joe; capital, $5,000; Pres., Thos. B. Brown; Vice-Pres., W. P. Campbell; Cashier, W. A. Keesee; Asst. Cashier, Lee Keesee.

CALIFORNIA.

Eagle Rock—Eagle Rock Bank; capital, $25,000; Pres., R. H. Brown; Vice-Pres., P. F. Schumacher; Cashier, Fred E. Biles.

San Francisco—Imperial Bank; capital, $27,000; Pres., S. M. Matsuda; Vice-Pres., C. Murayama; Cashier, M. Miyamoto; Asst. Cashier, M. Takahashi.

Sausalito—Bank of Sausalito; capital, $20,000; Pres., F. A. Robbins; Vice-Pres., R. I. Tyson; Cashier, E. D. Rayburn; Asst. Cashier, F. D. Linsley.

Walnut—San Ramon Valley Bank; capital, $25,000; Pres., Jno. Hackett; Vice-Pres., A. H. Cope; Cashier, Jos. L. Silveira; Asst. Cashier, C. W. Close.

FLORIDA.

Carrabelle—Carrabelle State Bank; Pres., L. O. Burton; Vice-Pres., R. F. Pickett; Cashier, W. Minter.

GEORGIA.

Climax—Climax Bank; capital, $15,000; Pres., A. J. Trulock; Vice-Pres., J. A. Herring.

Madilla—Commercial Bank; capital, $25,000; Pres., Chas. A. Horul; Vice-Pres., T. H. Gregory; Cashier, C. Mullis; Asst. Cashier, S. A. Cole.

Whitesburg—Whitesburg Banking Co.; capital, $15,000; Pres., J. Jones; Vice-Pres., J. R. M. Carter; Cashier, W. J. Jones.

Woolsey—Woolsey Bank; Pres., J. T. Lewis; Vice-Pres., R. P. Minter; Cashier, E. J. Snead.

IDAHO.

Meridian—Bank of Meridian; capital, $13,000; Pres., F. E. Madden; Vice-Pres., Jno. Ennis; Cashier, A. R. Wallace.

Vollmer—Bank & Trust Co.; capital, $25,000; Pres., Arthur E. Clarke; Cashier, W. L. Lyon.

ILLINOIS.

Greenfield—Farmers' State Bank; capital, $25,000; Pres., F. C. Smith; Vice-Pres., E. D. Woolley; Cashier, E. A. Culver; Asst. Cashier, G. A. Olbert.

Niles Center—Niles Center State Bank; capital, $25,000; Pres., Jno. W. Brown; Vice-Pres., Ivan Paronbek; Cashier, Wm. J. Galitz.

St. David—Fulton County Bank; capital, $10,000; Pres., E. W. Butler; Cashier, G. Q. Fort.

Stewardson—Farmers & Merchants'; capital, $10,000; Pres., Chas. W. Wilson; Vice-Pres., Jno. L. Becker; Cashier, R. A. Peters.

INDIANA.

Bloomfield—Bloomfield State Bank (successor to Bloomfield Bank); capital, $30,000; Pres., E. E. Neal; Vice-Pres., C. E. Davis; Cashier, W. M. Haig; Asst. Cashier, A. D. Haig.

Deputy—Jefferson County Bank; capital, $15,000; Pres., Jno. Malick; Vice-Pres., Geo. W. Byfield; Cashier, F. A. Anderson.

INDIAN TERRITORY.

Sallisaw—Sallisaw Bank & Trust Co.; Pres., I. H. Nakdemen; Vice-Pres., W. H. Browne; Cashier, J. H. Baker.

IOWA.

Chillicothe—Chillicothe Savings Bank; capital, $10,000; Pres., Sam'l Mahon; Vice-Pres., Ed. Nye; Cashier, E. L. Peterson.

Davenport—Home Savings Bank; capital, $50,000; Pres., P. Fedderson, Jr.; Vice-Pres., P. F. McCarthy; Cashier, J. F. Rochan.

Lacona—Farmers' Savings Bank; capital, $10,000; Pres., Geo. Miller; Vice-Pres., E. S. Bearden; Cashier, Wm. Carpenter.

Rodney—Rodney Savings Bank (successor to W. W. McDonald & Son); capital, $10,000; Pres., S. B. MacDiarmid; Vice-Pres., W. M. McDonald; Cashier, J. A. Rogers; Asst. Cashier, Will McDonald.

KANSAS.

Hiattville—Hiattville State Bank; capital, $10,000; Pres., G. Homoday; Vice-Pres., R. T. Wilhoins; Cashier, C. W. Thompson; Asst. Cashier, Dollie Thompson.

Newton—Home State Bank; capital, $50,000; Pres., N. W. Hutson; Vice-Pres., O. W. Roff; Cashier, E. P. Chandler.

KENTUCKY.

Brooksville—Farmers' Equity Bank; capital, $16,000; Pres., J. Teegarden; Vice-Pres., C. N. McCarty; Cashier, W. H. Stevenson.

Dunmore—Farmers' Bank; capital, $7,500; Pres., J. S. Dysoyster; Vice-Pres., W. H. Hunt; Cashier, H. B. McClary; Asst. Cashier, J. F. McClary.

Earlington—People's Bank; capital, $25,000; Pres., C. C. Givens; Vice-Pres., Thos. E. Finley; Cashier, F. B. Arnold.

Milburn—Bank of Milburn; capital, $750; Pres., G. W. Boswell; Vice-Pres., E. E. Stanley; Cashier, Claude Klapp.

Versailles—Farmers' Bank & Trust Co.; capital, $75,000; Pres., C. S. Williams; Vice-Pres., H. M. Childers; Cashier, Joe S. Minary.

Waynesburg — Waynesburg Deposit Bank; capital, $7,500; Pres., L. G. Gooch; Vice-Pres., J. Hays; Cashier, S. McIntosh.

LOUISIANA.

Oak Grove—Bank of Oak Grove; capital, $15,000; Pres., A. Jackson; Vice-Pres., A. W. Bivens; Cashier, W. W. Stevens.

MICHIGAN.

McGregor—Exchange Bank of Chas. M. Cook & Co.; capital, $10,000; Pres., W. J. McCarnn; Vice-Pres., F. C. Croray; Cashier, Chas. M. Cook.

Otsego—First State Savings Bank (successor to Delano & Clapp); capital, $25,000; Pres., H. A. Delano; Vice-Pres., C. I. Clapp; Cashier, G. E. Delano; Asst. Cashier, C. L. Taylor.

MINNESOTA.

Bagley—Clearwater County State Bank (successor to Clearwater County Bank); capital, $10,000; Pres., M. J. Kolb; Vice-Pres., Jno. Bohmer; Cashier, Oscar Barness.

Kelliher—First State Bank (successor to Bank of Kelliher); capital, $10,000; Pres., F. P. Sheldon; Vice-Pres., W. H. Roberts; Cashier, J. W. Murray.

Lanesboro — Scanlan-Habberstad State Bank (successor to Bank of Lanesboro); capital, $25,000; Pres., M. Scanlan; Vice-Pres., O. M. Habberstad; Cashier, O. M. Habberstad; Asst. Cashier, O. S. Knudsen.

Mabel—State Bank of Mabel; capital, $15,000; Pres., W. C. Bacon; Vice-Pres., L. J. Larson.

Melrose—Borgerding State Bank (successor to Bank of Melrose); capital, $50,000; Pres., H. Borgerding; Vice-Pres., Jno. Borgerding; Cashier, C. C. Schoener.

Onamia—First State Bank; capital, $10,000; Pres., J. H. McGilvra; Vice-Pres., J. A. Yarnell; Cashier, Fred R. Burrell.

Pine Island—State Bank (successor to Bank of Pine Island); capital, $10,000; Pres., L. F. Irish; Vice-Pres., B. I. Parker; Cashier, E. M. Townsend.

St. Clair—St. Clair State Bank; capital, $12,000; Pres., N. Juliar; Vice-Pres., Geo. May; Cashier, H. F. Bestmore.

Windom—Farmers' State Bank (successor to Cottonwood County Bank); capital, $35,000; Pres., T. C. Collins; Vice-Pres., C. H. Baxter; Cashier, H. E. Hanson; Asst. Cashier, E. A. Lirne.

MISSISSIPPI.

Corinth—Union Bank; capital, $75,000; Pres., Jno. F. Osborne; Vice-Pres., Jno. H. Jones; Asst. Cashier, Leslie I. Morrison.

Port Gibson—Mississippi Southern Bank (successor to Mississippi National Bank and Mississippi Savings Bank & Loan Co.); capital, $75,000; Pres., J. Bernheimer; Vice-Pres's,. J. Ballen and O. A. Cason; Cashier, J. J. N. Taylor; Asst. Cashier, G. T. Waine.

MISSOURI.

Holt—Farmers' Bank; capital, $10,000; Pres., E. Nokes; Vice-Pres., C. M. Isley; Cashier, W. H. Smith.

New Cambria—Farmers & Merchants' Bank; capital, $10,000; Pres., Jno. Rees; Vice-Pres., J. R. Menefee; Cashier, J. T. Magee.

Purdin—Stock Growers' Bank; capital, $20,000; Pres., J. W. McGhee; Vice-Pres., M. D. L. Miller; Cashier, Sam Payne; Asst. Cashier, W. E. Daily.

Reeds—Bank of Reeds; capital, $10,000; Pres., J. D. Davis; Vice-Pres., H. H. Beckwith; Cashier, W. H. Davis; Asst. Cashier, E. B. Jacobs.

St. Joseph—American Exchange Bank; capital, $20,000; Pres., Jacob Geiger; Vice-Pres., C. A. Shoup; Cashier, J. Rosenblatt.

MONTANA.

Eureka—First Bank; capital, $10,000; Cashier, A. D. Baker.

NEBRASKA.

Blair—Citizens' Trust & Savings Bank; capital, $12,500; Pres., F. H. Matthie-

sen; Vice-Pres., M. Matthiesen; Cashier, D. Z. Mummert.
Farwell—First State Bank; capital, $10,000; Pres., W. A. C. Johnson; Vice-Pres., Geo. Irvine; Cashier, Ed. Larkowski.
Riverdale—State Bank; capital, $5,000; Pres., F. Bargmann; Vice-Pres., A. T. Reynolds; Cashier, C. H. Pratt.
Tilden—German Bank; capital, $20,000; Pres., M. L. Thomsen; Vice-Pres., T. K. Hansen; Cashier, Jno. Lemly.

NEW JERSEY.

Jersey City—Union Trust Co.; capital, $500,000; Pres., S. Ludlow, Jr.; Vice-Pres., J. G. Hasking.

NEW MEXICO.

Estancia—Estancia Savings Bank; capital, $15,000; Pres., A. J. Green; Vice-Pres., W. J. Hittson; Cashier, C. H. Hittson.

NEW YORK.

New York—Agency Bank of Nova Scotia; Mgr., W. H. Davies.

NORTH CAROLINA.

Beaufort—Beaufort Banking & Trust Co.; capital, $15,000; Pres., N. W. Taylor; Vice-Pres., C. L. Duncan; Cashier, U. E. Swann.
Black Mountain—Commonwealth Bank; capital, $10,000; Pres., J. W. Dougherty; Vice-Pres., C. E. Cotton; Cashier, S. E. McNeely.
Chapel Hill—People's Bank; capital, $5,000; Pres., H. H. Williams; Vice-Pres., W. J. A. Cheek; Cashier, H. Lloyd.
Henrietta—Haynes Bank; capital, $6,000; Pres., R. R. Haynes; Vice-Pres., Chas. H. Haynes; Cashier, J. B. Watkins.
Kinston—Holloway, Borden, Hicks & Co. (successor to Jones, Guyt & Co.); capital, $5,000; Pres., T. B. Holloway; Vice-Pres., J. C. Scarboro; Cashier, J. G. Banton; Asst. Cashier, J. H. Jones.
Wilmington—Investment Trust Co.; capital, $10,000; Pres., M. F. H. Gouverneur; Vice-Pres., H. M. Chose; Sec'y, R. M. Sheppard.

NORTH DAKOTA.

Englevale—First State Bank; capital, $10,000; Pres., H. F. Opfer; Vice-Pres., J. L. Opfer; Cashier, Wm. Narum.
Hewitt—State Bank; capital, $10,000; Pres., S. B. Quale; Vice-Pres., G. S. Ogren; Cashier, C. J. Johnson.
Hurd—First State Bank; capital, $10,000; Pres., E. N. McKnight; Vice-Pres., Roy E. McKnight; Cashier, Jno. F. McKnight.
Lignite—First State Bank; capital, $9,000; Pres., A. C. Wiper; Vice-Pres., B. M. Wohlwend; Cashier, P. N. Johnson.
Mercer—First State Bank; capital, $10,000; Pres., Wm. Liesboe; Vice-Pres., R. T. Liesboe; Cashier, O. S. Hjelle.
Nanson—State Bank; capital, $10,000; Pres., D. N. Tallman; Vice-Pres's., S. B. Quale and P. B. Houg; Cashier, Jos. B. Johnson.

OHIO.

Cleveland—Metropolitan Banking Co.; capital, $50,000; Pres., W. A. Lincoln; Vice-Pres's., Wm. Duke and F. W. Long; Sec., Francis L. Judd.
Mount Cory—Farmers' Bank (branch of Commercial Bank & Savings Co., Bluffton); Cashier, N. W. Cunningham.
Peebles—Farmers' Bank & Savings Co.; capital, $16,000; Pres., David Nixon; Vice-Pres., J. T. Yankie; Cashier, Geo. E. Hentz.
Wauseon—Wauseon Savings & Trust Co. (successor to Bank of Wauseon); capital, $50,000; Pres., E. L. Barber; Vice-Pres., H. A. Barber; Cashier, W. T. Hudson.

OKLAHOMA.

Carlton—Bank of Carlton; capital, $10,000; Pres., J. F. Kerwood; Vice-Pres., D. Doey; Cashier, Irving Page.
Gibbon—Bank of Gibbon; capital, $10,000; Pres., Chas. Matthews; Vice-Pres., C. E. Wetmore; Cashier, F. L. Clinesmith.
Newalla—State Bank; capital, $10,000; Pres., C. W. Miller; Cashier, Bert Bradley.
Quinlan—Quinlan State Bank; capital, $15,000; Pres., C. E. Washburn; Vice-Pres., J. T. Madison; Cashier, J. G. Bailey.

OREGON.

Myrtle Creek—Citizens' State Bank; capital, $10,000; Pres., B. J. Howland; Vice-Pres., N. Selig; Cashier, C. O. Nelson.

PENNSYLVANIA.

Allentown—Allentown Trust Co.; capital, $150,000; Pres., M. C. L. Kline; Vice-Pres's., Jno. W. Eckert and Wm. G. Bonneville; Sec'y and Treas., J. L. Marsteller.
Jeannette—Glass City Union Deposit Bank; capital, $50,000; Pres., L. R. Schmertz; Cashier, W. Frank.
Phoenixville—Phoenixville Trust Co.; capital, $125,000; Pres., Thos. F. Byrne; Vice-Pres., S. W. Deminger; Treas., W. H. Garges.

SOUTH CAROLINA.

Spartanburg—Dallas Savings Bank; capital, $50,000; Pres., Arch. B. Calvert; Cashier, T. J. Boyd.

SOUTH DAKOTA.

Dallas—Merchants & Farmers' Bank; capital, $6,000; Pres., M. Guenthner; Vice-Pres., C. Guenthner; Cashier, E. A. Guenthner.

Miller—Citizens' State Bank (successor to Citizens' Bank); capital, $15,000; Pres., H. R. Greeves; Cashier, J. W. Coquillette.

Rapid City—Security Savings Bank; capital, $25,000; Pres., K. M. Hinrichs; Vice-Pres., W. S. Stewart; Cashier, H. W. Hinrichs; Asst. Cashier, A. D. Figge.

Ree Heights—First State Bank; capital, $6,000; Pres., W. T. Gardner; Vice-Pres., F. D. Greene; Cashier, J. O. Gage.

Rockham—Farmers' State Bank; capital, $5,000; Pres., F. W. Hagmann; Vice-Pres., D. Hagmann; Cashier, B. C. Hagmann.

TENNESSEE.

Binghamton—Bank of Binghamton (succeeded Industrial Trust & Savings Bank); capital, $1,500; Pres., W. H. Bingham; Vice-Pres., J. R. Younce; Cashier, R. B. Sullivan; Asst. Cashier, A. Y. Aydelott.

East Chattanooga—Bank of East Chattanooga; capital, $10,000; Pres., F. A. Clarke; Vice-Pres's., J. M. Stephens and O. D. Gorman; Cashier, J. M. Shiver.

Gleason Station—Farmers & Citizens' Bank; capital, $25,000; Pres., P. Alexander; Vice-Pres., J. J. Campbell; Cashier, W. H. Williams.

Lexington—Farmers' Union Bank; Pres., E. J. Timberlake; Vice-Pres., T. M. Maxwell; Cashier, E. L. Fesmiri; Asst. Cashier, Geo. H. Maxwell.

McLemoresville—Bank of McLemoresville; capital, $10,000; Pres., J. H. Bramley; Vice-Pres., Jno. Holmes; Cashier, J. C. McKinney.

Puryear—Farmers' Bank; capital, $10,000; Pres., J. G. Littleton; Vice-Pres., B. A. Jobe; Cashier, B. M. Brisendine.

TEXAS.

Bonham—Bonham Bank & Trust Co.; capital, $50,000; Pres., Ed. D. Steger; Vice-Pres., M. Levine; Cashier, Walter O. Siler; Asst. Cashier, Mack Watson.

Cumby—Cumby State Bank; capital, $15,000; Pres., O. Smith; Vice-Pres., Y. O. McAdams; Cashier, Geo. W. Holland; Asst. Cashier, C. A. Budge.

Grand Prairie—First State Bank (successor to Bank of Grand Prairie); capital, $30,000; Pres., D. E. Waggoner; Vice-Pres., D. W. Gilbert; Cashier, Ernest E. Hall.

Sanderson—Sanderson State Bank; capital, $25,000; Pres., Joe Kerr; Vice-Pres., Chas. Downie; Cashier, J. P. Keller.

Woodson—Woodson State Bank; capital, $10,000; Pres., O. J. Wood; Vice-Pres., R. D. Daws; Cashier, W. E. King.

VIRGINIA.

Covington—Covington Savings Bank; capital, $50,000; Pres., E. M. Nettleton; Vice-Pres., Jno. E. Campbell; Cashier, Hugh M. McAllister.

Hot Springs—Bank of Hot Springs; capital, $25,000; Pres., Jno. W. Stephenson; Vice-Pres., T. Sterrett; Cashier, J. W. Harper; Asst. Cashier, M. L. Graybeal.

WASHINGTON.

Arlington—Citizens' State Bank; capital, $15,000; Pres., J. B. Riley; Vice-Pres., O. Granrud; Cashier, O. E. Eckern.

Hatton—Farmers' State Bank (succeeded Farmers' Bank); capital, $10,000; Pres., J. D. Bassett; Vice-Pres., O. L. Algoe; Cashier, F. W. Clark.

Krupp—State Bank (succeeded Bank of Krupp); capital, $10,000; Pres., J. D. Bassett; Vice-Pres., J. W. Brewer; Cashier, J. J. Phillips.

WISCONSIN.

Clear Lake—People's Bank; capital, $12,000; Pres., A. J. McLennan; Vice-Pres., C. W. Ward; Cashier, G. R. Frye; Asst. Cashier, Floy Montgomery.

Honey Creek—State Bank; capital, $10,000; Pres., W. E. Babcock; Vice-Pres., H. B. Miller; Cashier, Wm. Kingston.

CANADA.

ONTARIO.

St. Catherines—Bank of Nova Scotia; Mgr., J. W. Corning.

Toronto—Royal Trust Co.; Mgr., M. S. L. Richey.

QUEBEC.

Quebec—Bank of Nova Scotia; Mgr., A. N. Lyster.

Viauville—Banque d'Hochelaga; Mgr., A. Adam.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Gadsden—Gadsden National Bank; no cashier in place of W. G. Brockway, deceased.

ARKANSAS.

Bentonville—Benton County National Bank; E. C. Pickens, Asst. Cashier, in place of J. C. Hennon; J. N. Covey, Second Asst. Cashier, in place of E. C. Pickens.

Newark—Merchants & Planters' Bank; Jno. T. Thorp, Vice-Pres.; A. A. Henderson, Cashier.

CALIFORNIA.

Covina—First National Bank; Marco H. Hellman, Vice-Pres., in place of J. H. Adams.

Santa Paula—First National Bank; C. C. Teague, Pres., in place of C. H. McKevett, deceased.

COLORADO.

Longmont—Longmont National Bank; no Vice-Pres. in place of W. A. Warner; Jno. E. Hill, Cashier, in place of I. J. Meade; no Asst. Cashier in place of J. F. Meade.

Steamboat Springs — First National Bank; Geo. W. Cook, Asst. Cashier, in place of D. A. Bartholow.

CONNECTICUT.

New Haven—Mechanics' Bank; F. H. Douglass, Pres., in place of Chas. S. Leete, resigned.

FLORIDA.

Braidentown—Bank of Braidentown (succeeded R. H. Johnson & Bros.); G. Murphy, Vice-Pres.; R. H. Johnson, Cashier.

GEORGIA.

Lake Park—Lake Park Bank; W. S. Wotha, Pres.; W. E. Henslee, Cashier.

Marietta—First National Bank; J. E. Massey, Cashier, in place of A. H. Gilbert; no Asst. Cashier in place of J. E. Massey.

IDAHO.

Lewiston—Lewiston National Bank; Frank M. Kettenbach, Pres., in place of W. F. Kettenbach; no cashier in place of Geo. H. Kester.

Pocatello—Bannock National Bank; D. W. Church, Cashier, in place of Geo. E. Ford.

ILLINOIS.

Blandinsville—Huston Banking Co., absorbed Grigsby Bros. & Co.

Broadlands—Bank of Broadlands; A. M. Kenney, Pres.

Bushnell—First National Bank; Bert Roach, Asst. Cashier.

Capron—Capron Bank; O. L. Chester, Pres.

Dwight—First National Bank; E. M. Hoffman, Asst. Cashier.

Joy—Joy Bank; G. H. Campbell, Cashier; C. A. Morrow, Asst. Cashier.

Kenney—Bank of Kenney; A. N. Rowe, Cashier, in place of L. O. Williams, resigned.

Lewistown—Lewistown National Bank; T. B. A. Watson, Asst. Cashier.

Metcalf—First National Bank; H. G. Epps, Pres., in place of G. W. Myers.

National Stock Yards—Stock Yards Bank; C. T. Jones, Vice-Pres.; W. Wright, Cashier; T. H. Smith, Asst. Cashier.

Rantoul—First National Bank; Bart Rice, Cashier, in place of Winnie Miller.

INDIANA.

Bloomington—Citizens' Loan & Trust Co.; Roy O. Pike, Cashier and Secy., in place of C. H. Dodd, resigned.

Edinburg—Farmers' National Bank; Wm. H. Breeding, Cashier, in place of J. E. Wheatley; no Asst. Cashier in place of Wm. H. Breeding.

Lebanon—Lebanon National Bank; E. T. Lane, Pres., in place of A. C. Daily; Jesse S. Reagan, Vice-Pres., in place of O. R. Daily; O. R. Daily, Cashier, in place of E. T. Lane.

Madison—National Branch Bank; E. J. Colgate, Cashier, in place of J. A. Zuck, deceased.

New Albany—Mutual Trust & Deposit Co.; A. Dowling, Pres.

New Castle—Citizens' State Bank; E. S. Bouslog, Vice-Pres., in place of Jno. M. Morris, deceased.

INDIAN TERRITORY.

Boswell—Boswell National Bank; Jas. R. Armstrong, Pres., in place of J. A. King; J. T. Yeager, Cashier, in place of Jas. N. King.

IOWA.

Akron—First National Bank; Geo. C. Eyland, Jr., Cashier, in place of J. B. Alexander.

Alta—First National Bank; C. Holtz, Vice-Pres., in place of Aaron Conner.

Hull—First National Bank; Jno. D. Koster, Asst. Cashier, in place of J. C. Wilson.

Lakeview—Lake View State Bank; F. S. Needham, Pres.; C. P. Therkelson, Cashier.

Mount Pleasant—First National Bank; H. J. Twinting, Cashier, in place of W. E. Keeler; no Asst. Cashier in place of H. J. Twinting.

Osage—Home Trust & Savings Bank; J. W. Annis, Pres., in place of C. Stringer; K. J. Johnson, Vice-Pres., in place of C. H. Morse.

Panora—Guthrie County National Bank; A. M. Reynolds, Asst. Cashier.

KANSAS.

Osborne—Farmers' National Bank; W. W. Parsons, Cashier, in place of C. B. Hahn.

Salina—Farmers' National Bank; Theo. B. W. Seitz, Asst. Cashier.

Topeka—Citizens' State Bank; M. F. Southwick, Pres., in place of Dr. Woods.

Winchester—Bank of Winchester; J. R. Quieth, Pres., in place of T. N. McBride; J. H. Wilhelm, Cashier, in place of L. B. McBride.

KENTUCKY.

Georgetown—Georgetown National Bank; Hy. Craig, Vice-Pres.

Lancaster—Citizens' National Bank; J. J. Walker, Pres., in place of L. Y. Leavell; J. S. Johnson, Vice-Pres., in place of J. J. Walker.

Pineville—Bell National Bank; Chas. G. Conant, Asst. Cashier.

MARYLAND.

Cambridge—National Bank; Henrietta W. Barton, Asst. Cashier.

MICHIGAN.

Copemich—Bank of Copemich; F. O. Brewster, Pres.; J. A. Cutler, Vice-Pres.; L. A. Larson, Cashier; A. Crimmins, Asst. Cashier.

Le Roy—Le Roy Exchange Bank; I. T. Sayre, Pres.; O. L. Millard, Vice-Pres.; H. L. Watson, Cashier.

MINNESOTA.

Alvarado—State Bank; W. H. Sands, Vice-Pres.; E. Dahlgen, Cashier; Mathias Peterson, Asst. Cashier.

Kenneth—Bank of Kenneth; title changed to Kenneth State Bank.

Northome—First State Bank; Wm. T. Barry, Cashier, in place of Jno. E. Cowan, resigned.

Sauk Center—Merchants' National Bank; A. F. Strebel, Asst. Cashier, in place of L. E. Keller.

MISSISSIPPI.

Biloxi—Bank of Biloxi; W. K. M. Dukate, Vice-Pres., in place of Wm. Gorenflo.

Port Gibson—Mississippi National Bank; Jas. B. Allen, Vice-Pres., in place of W. A. Craig.

MISSOURI.

Baring—Baring Exchange Bank; J. H. Myers, Pres., in place of Chas. H. Myers, deceased; C. S. Huston, Vice-Pres.

Cape Girardeau—First National Bank; G. S. Summers, Asst. Cashier.

Deepwater—Bank of Deepwater; Wesley Griffith, Pres.

Hartville—Wright Co. Bank; Howe Steele, Vice-Pres.; Wm. Nickle, Asst. Cashier.

Independence—First National Bank; S. E. Gregg, Asst. Cashier.

Kansas City—Westport Avenue Bank; B. F. Hargis, Pres., in place of J. M. Smith, resigned.

Kirksville—National Bank; Roy Omer, Asst. Cashier.

Warrensburg—American Bank; C. A. Harrison, Pres.

Webb City—National Bank; W. F. Moore, Asst. Cashier, in place of C. T. Bunce.

MONTANA.

Billings—Yellowstone National Bank; no Vice-Pres. in place of Peter Larson, deceased.

Lewistown—First National Bank; W. J. Johnson, Cashier, in place of Geo. J. Bach.

NEBRASKA.

Carroll—First National Bank; D. C. Main, Pres., in place of E. R. Gurney.

Germantown—Germantown State Bank; J. W. Daily, Vice-Pres.; A. C. Beckman, Cashier.

Indianola—State Bank; L. E. Southwick, Pres.; Marion Powell, Vice-Pres.

Lyons—First National Bank; Chas. McMonies, Asst. Cashier, in place of Don Tanner.

Oakland—First National Bank; James W. Holmquist, Vice-Pres., in place of O. Samson, resigned.

Randolph—First National Bank; J. B. Alexander, Cashier, in place of F. E. Sweetser.

NEW JERSEY.

Carlstadt—Carlstadt National Bank; Jno. Oehler, Cashier, in place of Adolph Kruger, deceased.

Hoboken—Second National Bank; Jno. P. Scholfield, second Vice-Pres.; A. N. Terbell, Cashier, in place of Jno. P. Scholfield; no Asst. Cashier in place of A. N. Terbell.

NEW MEXICO.

Clovis—Clovis National Bank; E. E. Hull, Vice-Pres.; Thos. H. Jones, Cashier, in place of L. W. Gray.

NEW YORK.

Marathon—First National Bank; D. B. Tripp, Cashier, in place of Lyman Adams, deceased.
Massena—First National Bank; W. F. Willson, Pres., in place of F. J. Hyde; J. C. Crapser, Vice-Pres., in place of W. F. Willson.
Mohawk—National Mohawk Valley Bank; R. M. Devendorf, Pres., in place of J. B. Rafter; C. R. Snell, Vice-Pres., in place of R. M. Devendorf.
New York City—Fourth National Bank; D. J. Rogers and H. M. Wolfe, Asst. Cashiers.—A. A. Housman & Co.; A. A. Housman, deceased.
Salamanca—Salamanca Trust Co.; F. A. Rhodes, Cashier, in place of W. H. Hazzard, resigned; W. A. Havenor, Secy. and Treas.
Schenectady—Mohawk National Bank; H. V. Mynderse, Pres., in place of J. A. DeRemer; C. S. Washburn, Vice-Pres., in place of H. V. Mynderse.

NORTH CAROLINA.

Taylorsville—Bank of Alexander; H. T. Kelly, Cashier, in place of J. Williamson, resigned.
Wilmington—Southern National Bank; W. B. Drake, Jr., Asst. Cashier.

NORTH DAKOTA.

Almont—First State Bank; Chas. F. Peterson, Pres.; C. L. Timmerman, Vice-Pres.; Jno. O. Bondhus, Cashier.
Courtney Stutsman Co. Bank; P. R. Sherman, Cashier.
Knox—Security Bank; H. S. Wyland, Pres.; D. H. Wyland, Cashier.
Tagus—Tagus State Bank; Pres., T. J. Norton; Vice-Pres., C. D. Horton; Cashier, W. J. Burns.

OHIO.

Hicksville—First National Bank; A. K. Simpson, Asst. Cashier, in place of Thos. D. Hood.
Mt. Sterling—First National Bank; R. H. Schryver, Pres., in place of Wm. Heath; W. C. Bostwick, Vice-Pres., in place of R. H. Schryver.
Warren—Union National Bank; Hy. C. Dietz, Asst. Cashier.

OKLAHOMA.

Altus—Altus National Bank; J. R. McMahan, Pres., in place of M. C. Lemaster.

PENNSYLVANIA.

Boyertown—Farmers' National Bank (resumed business August 12, 1907); E. M. Herbst, Cashier, in place of M. L. Hartman; E. B. Stauffer, Asst. Cashier.
Butler—Butler Savings Bank; J. Hy. Troutman, Pres., in place of Wm. Campbell, Jr., deceased.
Chester—Pennsylvania National Bank; no Cashier in place of A. V. Lees; D. E. Casey, Asst. Cashier.
Coudersport—First National Bank; Fred C. Leonard, Pres., in place of R. L. Nichols, deceased; W. G. Van Kuren, Vice-Pres., in place of T. C. Leonard.
Lewistown—Mifflin Co. National Bank; Wm. P. Woods, Cashier, in place of Wm. Irwin, deceased; E. S. Parker, Asst. Cashier, in place of Wm. P. Woods.
Muncy—Citizens' National Bank; Frank M. Opp, Cashier, in place of Wm. E. Mohr, deceased.
Punxsutawney—First National Bank; Levi McGregor, Vice-Pres., in place of J. H. Fink.
Scranton—Dime Deposit & Discount Bank, Geo. B. Germyn, Pres.
Smethport—Grange National Bank of McKean County; J. W. Lee, Cashier; F. W. Brownell, Asst. Cashier.

RHODE ISLAND.

Newport—Aquidneck National Bank; Peter King, Pres., in place of L. L. Simmons, deceased; Samuel McAdam, Vice-Pres., in place of Peter King.

SOUTH CAROLINA.

Chester—National Exchange Bank; C. C. Edwards, Cashier, in place of M. S. Lewis.
St. Matthews—Home Bank; Pres., J. A. Banks.

SOUTH DAKOTA.

Armour—First National Bank; G. C. Ditto, Cashier, in place of W. W. Wedding.
Howard—First National Bank; A. L. Lerud, Asst. Cashier.
Waubay—First National Bank; J. A. Schultz, Vice-Pres., in place of H. S. Guernsey.
Wessington Springs — First National Bank; no Asst. Cashier in place of Rose Groth.

TENNESSEE.

Gallatin—People's National Bank; placed in charge of Receiver, July 18, 1907; resumed business Aug. 7, 1907.
McMinnville—People's National Bank; G. M. Smith, Acting Cashier, protem.

TEXAS.

Brownwood—Brownwood National Bank; A. P. Ford, Asst. Cashier.—Coggin Bros. & Ford; title change to Coggin & Ford Co.

Celeste—First National Bank; R. I. Graves, Cashier; no Asst. Cashier in place of R. I. Graves.

Childress—Childress National Bank; Jno. H. P. Jones, Pres., in place of A. J. Fires; H. J. King, Vice-Pres., in place of Jno. H. P. Jones.

Clifton—First National Bank; no Cashier in place of F. M. Frey.

Fort Worth—First National Bank; W. E. Connell and R. D. Gage, Vice-Pres.'s; T. W. Slack, Cashier, in place of W. E. Connell; no Asst. Cashier in place of T. W. Slack.

Goliad—Commercial National Bank; W. M. Albrecht, Pres., in place of J. C. Burns; J. E. Pettus, Vice-Pres.; J. C. Burns, Cashier, in place of R. P. Appleby.

Hamlin—First National Bank; W. S. Whaley, Pres., in place of R. V. Colbert; C. W. Shannon, Vice-Pres., in place of W. S. Whaley; A. G. Hudson, Vice-Pres.; J. M. Speed and C. D. Anderson, Asst. Cashiers.

Laredo—Laredo National Bank; B. M. Alexander, Cashier, in place of R. K. Mims.

Livingston—Citizens' National Bank; J. E. Peters, Cashier, in place of L. R. Fife; W. M. Brock, Asst. Cashier, in place of J. E. Peters.

Longview—First National Bank; R. M. Kelly, Pres., in place of J. W. Yates, deceased.

UTAH.

Morgan—First Natioanl Bank; W. D. Brown, Cashier, in place of Walter Bramwell.

VERMONT.

Randolph—Randolph National Bank; E. A. Thomas, Pres., in place of O. B. Copeland.

WASHINGTON.

Asotin—Bank of Asotin County; J. B. Jones, Cashier, in place of Jno Bell, resigned.

Pullman—First National Bank; J. J. Rouse, Cashier, in place of C. A. Brower.

Seattle—First National Bank; M. A. Arnold, Pres., in place of Lester Turner; D. D. Moss, Vice-Pres.

WEST VIRGINIA.

Beckley—Bank of Raleigh and First National Bank consolidated.

Gormania—First National Bank; J. J. Kirk, Cashier, in place of A. F. Schwartz.

WISCONSIN.

Sheboygan Falls—German Bank; A. O. Heald, Pres., in place of Hilleman, resigned.

WYOMING.

Lusk—Bank of Lusk; capital increased to $50,000.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

CALIFORNIA.

San Francisco — Germania National Bank; in voluntary liquidation Aug. 1, 1907.

ILLINOIS.

Findlay—Findlay National Bank; in voluntary liquidation July 17, 1907.

INDIANA.

Brownstone — People's State Bank; closed.

Morocco—Citizens' Bank; closed.

NEW HAMPSHIRE.

Nashua—First National Bank; in voluntary liquidation Aug. 10, 1907.

NEW JERSEY.

Jersey City—Second National Bank; in voluntary liquidation Aug. 1, 1907.

NEW YORK.

New York—Thirty-Fourth Street National Bank; in voluntary liquidation July 22, 1907.

OKLAHOMA.

Helena—First National Bank; in voluntary liquidation August 1, 1907.

OREGON.

Portland—Oregan Trust and Savings Bank; closed.

PENNSYLVANIA.

Jeannette—Jeannette National Bank; in voluntary liquidation July 23, 1907.

RHODE ISLAND.

Providence—Fourth National Bank; in voluntary liquidation July 17, 1907.

SOUTH DAKOTA.

White Lake—United States National Bank; in voluntary liquidation July 24, 1907.

TEXAS.

Hamlin—Hamlin National Bank; in voluntary liquidation August 1, 1907.

Van Alstyne—Farmers' National Bank; in voluntary liquidation July 30, 1907.

THE

BANKERS' MAGAZINE

ELMER H. YOUNGMAN, Editor

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IMPROVED PROSPECTS FOR CURRENCY REFORM.

AN important step forward in the movement for reforming the country's bank-note currency was taken at the convention of the American Bankers' Association held at Atlantic City last month. By a practically unanimous vote the convention adopted the plan presented in the report of the Currency Commission, read by the chairman, Hon. A. B. Hepburn. This plan has been fully explained and commented on in previous issues of the Magazine, and it is only necessary to say in reference to it now that it takes the first step in the direction of substituting a bank-note credit currency for the Government paper, miscalled bank notes, now issued, nominally at least, by the national banks of the country. This plan may be justly criticised in some of its details, but the point of real importance lies in the departure from a bond-secured bank currency to one based upon coin and commercial credits, and in the further fact that the new currency will be redeemed daily through the exchanges at the chief banking centres instead of being subject to the sluggish system of redemption at the national capital, as is the case with the present bank notes.

Concurrently with the adoption of the new system of issuing bank notes, some method should be devised for gradually ridding the country of the bond-secured circulation. This might be done by adopting the suggestion of the New York Chamber of Commerce Currency Committee, that future bond issues be rendered unavailable as a basis of circulation. With the payment of the existing debt the bond-secured circulation would gradually lapse, the credit currency taking its place. There would thus be no disturbance in the volume of notes and the interests of the holders of Government bonds would in no wise be impaired.

The large permanent addition to the stock of paper money in recent years has undoubtedly contributed to the feverish pace of enterprise which has finally resulted in the present era of lessened confidence. Financial stability, so far as it is dependent upon the country's monetary and banking systems, can be assured only by eliminating Government paper money entirely, and by basing the issue of bank notes upon the country's exchange of products, as evidenced by commercial paper, with an adequate cover of gold coin and rigid provisions for daily commercial redemptions through the clearings.

A country can prosper without a credit bank currency at all, using for its paper circulation notes that are practically gold certificates. In England, where the check and deposit system is so universal, there is, perhaps, but little demand for credit notes. But in the United States, where very many farmers and small dealers do not have bank accounts, and where checks would not be serviceable, it would greatly increase the efficiency of the banks if they were permitted to emit their credits in a form that would pass from hand to hand as money.

The action of the American Bankers' Association in committing the organization to the support of a credit currency is an event of more than ordinary importance to the banking and commercial interests of the country. It assures the substitution of a sound and intelligent system of bank currency for the utterly indefensible expedient which was left us by the Civil War. This change will require time and patience, but it is a reform that cannot be much longer delayed.

THE American Bankers' Association has finally reached a position entitling it to be considered as representative of the banking interests of the United States. Its membership exceeds 9,000—a majority of the incorporated banks, and nearly fifty per cent. of all the banks, savings institutions and private banks in the country. Those institutions that neglect or decline to join the association are, to some extent, sharing in its benefits, sponging on their more progressive competitors—a course hardly compatible with the dignity and self-respect attaching to every properly-conducted bank. Each bank is, obviously, free to determine for itself whether or not it shall become a member either of the local state association or the national organization, but to stand aloof and remain indifferent to the really valuable work being carried on through these instrumentalities indicates a spirit contrary to that which is more and more permeating banking in common with other lines of business—a spirit of co-operation. based upon the better understanding that follows from association and exchange of ideas and experiences. Not infrequently has it occurred that business rivals have become friends through the acquaintance first formed at a bankers' convention. In fact, the acquaintances that are formed at these meeting, in themselves, would probably be an adequate return for the expense of membership and the time consumed in attending the conventions.

But there are numerous other advantages to be derived from belonging to an organization of bankers, many of them wholly practical. The activities of the American Bankers' Association have resulted in important and lasting benefits being conferred upon the banking interests of the United States. Besides the general effect produced by the harmonious association of so many representatives of the banks of the country, there have been more direct benefits, which need not be enumerated in detail. The work for sound currency, the protective features, the Negotiable Instruments Law, and the work of the various committees and sections—all have contributed greatly to the elevation of the standard of banking and have been of positive benefit to the banks and to the business community at large.

An outgrowth of the American Bankers' Association that promises to be hardly secondary in importance to the parent organization itself is the American Institute of Banking. Its chief object is to educate the bank clerks of the country, first in those matters bearing directly on the banking business, and second to stimulate their interest in commercial and public questions that affect the country's prosperity. The American Institute of Banking already has a membership of nearly 7,000, and though having to work out some serious problems, has demonstrated its capacity for usefulness and fully justified the wisdom of its founders.

The American Bankers' Association is performing a highly valuable service to the banks of the United States and indirectly benefiting the commercial interests of the country. While the membership is large and growing, there are still many banks depriving themselves of the profits that would inure to them by joining the association. By remaining outside this organization they are neglecting their own interests.

THERE are grave doubts whether a central bank, if organized in this country, would turn out to be just what its sponsors claim for it. With the possible exception of Russia, no such bank exists in a country at all comparable to the United States. It is doubtful whether an institution of this type could possibly exercise any better regulation over the banking operations of the country than is now exercised by the existing banks, big and little. The principal functions of a bank are to receive deposits and to lend these deposits and its own capital to the business community. Can these functions, in a country of the extent of the United States, be better performed by a big institution, located in New York, with a few branches in the other large cities, than by the numerous banks owned and managed by men who are thoroughly familiar with conditions where the banks are located, and who know the men with whom they deal? A big central bank would lend its notes chiefly on the credit of the bank applying for the loan, and need not concern itself much about the real security back of the loan. But where a bank lends directly to the individual borrower, it must carefully scrutinize the bills offered in exchange for its notes or deposit credits.

Furthermore, do the independent banks of the United States wish to live by sufferance of some institution controlled in New York, Chicago or St. Louis? They could take the paper of their dealers to the big bank and ask for a loan of the latter's notes, based upon the offerings. Whether the central bank would grant the suppliant's prayer might depend upon circumstances. Conceivably, it might have so much loaned for stock speculation that it could not grant the petition. The banks of the country should jealously guard themselves against being placed in such a dependent position. They can issue their own notes to meet the need of solvent borrowers with entire safety.

A central bank, theoretically, at least, has many advantages calculated to attract the support of able minds. But under present circumstances the advisability of introducing such an institution into the United States is questionable. Besides, there is a practical certainty that a central bank project could not, for years to come, command the support essential to its success.

IT is predicted that Postmaster-General MEYER in his annual report will recommend the establishment of a system of postals savings banks for the United States. The movement in favor of postal savings banks has been barely kept alive for several years, but of late it has shown unmistakable signs of vitality.

The establishment of this system can be defended on the plea that those who desire to save money should be afforded a place of deposit where absolute security would be provided. In most of the Eastern and Middle States there are already savings banks organized and managed under such strict legal provisions that depositors are hardly subjected to any risks whatever. The savings banks of New York and New England, and of some other states, are as near absolute safety as can be assured by human foresight. It will, of course, be understood that in mentioning these states no reflection is intended upon the many excellent banks in other parts of the country. The fact is well known, however, that the purely mutual savings banks are found, almost exclusively, in the East. Where commercial banking and the business of a savings bank are combined the risks are naturally greater than where the business is limited, as in the mutual institutions, to receiving deposits and investing them in high-grade securities, these investments being prescribed and regulated by law.

There ought really to be no solid ground upon which to rest the demand for postal savings banks. Yet it is reasonable that the public should require the most careful provision for the security of savings deposits. This security has been attained in many localities, and in time it will be in all parts of the country; but until this desirable end is reached, the agitation for postal savings banks will be kept up, and it may be successful.

Many of the national banks of the United States are embarking in the savings bank business, by establishing departments where deposits of small sums are received and cared for in a manner analogous to the conduct of a regular savings bank. Congress, however, in enacting the National Bank Act, did not provide specifically for business of this kind. There is, therefore, considerable latitude permissible in investing deposits made in the savings departments of national banks.

While there are some valid objections to conducting a savings bank in connection with a commercial bank, these objections lose most of their force if the two departments are kept distinct.

Since the savings bank department seems destined to become an important feature of the business of the national banks, it would be wise for Congress to sanction it and enact regulations assuring safety. The latter end could be achieved by throwing around these departments the same safeguards as have been prescribed by the state legislatures in those states where the mutual savings bank system prevails. These safeguards might even be carried to the extent of insuring deposits by imposing a small tax, making the tax applicable to the banks in each state separately. Commercial banks and trust companies operating savings departments would be compelled in self-defense to make their deposits equally as safe as those in the savings departments of national banks.

The deposits in savings banks can be made safe without turning the business over to the Federal Government; and when this safety is assured the demand for a system of postal savings banks will disappear.

FEDERAL and State courts have in several instances lately rendered decisions nullifying the State laws enacted reducing passenger and freight rates on railways. Judge LOCHREN of the United States Circuit Court declared that a law of this character passed by the Legislature of Minnesota "is vicious and a disgrace almost to the civilization of the age. It is a reproach on the intelligence and sense of justice of any Legislature which would promote acts of that kind."

In Pennsylvania the Court of Common Pleas has decided that the law reducing passenger fares to two cents a mile is void. Similar decisions are elsewhere reported.

These decisions indicate that the fixing of arbitrary rates by law is a process upon which checks may be imposed by the courts. Investors are not to be deprived of their property so easily and summarily as many enthusiastic reformers have been led to believe.

If the returns on capital invested in railways are reduced below what can be derived from investment in other enterprises, capital will very naturally turn from the former and seek the latter more remunerative form of investment. By depriving railway investors of a proper return on their investments the state legislatures can prevent the building of new lines of railway and hinder the improvement of those already existing. A two-cent rate per mile may be fixed for passengers and freight rates lowered materially. But it is probable that these results would have been reached before long if the railroads had been unhampered by drastic laws. With the building of new lines and the increase in population the tendency toward lower rates would be inevitable. Moreover, in the absence of unfavorable legislation, the natural increase in railway facilities would be much greater than it will be with the application of the legislative forcing process.

ONE of the consequences of the decline in the price of railway and other securities has been an increase in the number of individual holders of stocks and bonds. It is said that the number of stockholders of the New York Central Railroad is now about 15,000, compared with about 9,000 a year ago.

This distribution of the holding of corporate securities is beneficial in many ways. It scatters the earnings among many people, diffusing wealth, and also conduces to stability by adding to the number of holders of corporate securities. Nevertheless, from the standpoint of control, the more stockholders there are, the greater the chances for confusion, indifference, and possibly of manipulation. The holding of voting stock in a few hands is, generally speaking, less liable to abuse than where there are many stockholders who know little of the details of financial management. Presumably, in the case of a great corporation like the New York Central, the stock is held chiefly by large and powerful interests, obviating the objections urged above.

Whatever sins may be laid at the door of corporations and trusts, they have at any rate been instrumental in taking away the ownership of the railways and industrial concerns from a few individuals and placing it in the hands of the public, to a considerable extent at least.

SCIENTIFIC discoveries continue to keep pace with the requirements of the age. Just as economists were beginning to worry us with gloomy predictions about the exhaustion of the coal areas some millions of years hence, comes the announcement of the invention of a solar engine to utilize the rays of the sun in the production of steam, rendering the use of coal unnecessary. Doubtless the possibilities of this idea will be expanded until we shall be supplied with solar rays for cooking and heating purposes. The heat rays thus furnished will not be conveyed to users through pipes, but will nevertheless be measured by meters as gas and electricity now are.

There is probably no occasion to worry about the exhaustion of coal or of any of the products or elements essential to human life and comfort. Invention and discovery, spurred on by necessity, will open up new sources of supply and the world will go on without missing what it has lost. Electricity has already largely taken the place of oil and gas as an illuminant and is rapidly supplanting steam as a means of propulsion. Undreamed-of sources of power, greater than electricity, may exist beneath the surface of the earth, in the air, or in some of the elements constituting the material universe, and these will be discovered as the need of them becomes sufficiently pressing.

Another discovery, though of a different sort, seems to have grown out of the demands of these strenuous times. This is a method of producing electric sleep, reported by M. LEDUC, an eminent French professor of medicine. The advantages of the electric sleep are said to be numerous, and the sensations after the operation are declared to be quite agreeable. The mind appears to work more clearly and more rapidly and there is a sense of increased physical vigor. This last circumstance led Professor LEDUC to use his brain electrization for cases of nervous exhaustion, and even ordinary fatigue and moral depression, with wonderful results.

After a hard day's work a man can step into a medical establishment and have the electrodes applied to his skull, and awake shortly refreshed in mind and body. Or he may be enabled to carry his own outfit, applying it whenever he is tired by a bore or a persistent solicitor, just as HERBERT SPENCER put on his ear-muffs when he found the conversation taking a turn not to his liking. Great reformers should take notice that this discovery is also a remedy for moral depression. A few gentle applications of it might turn a criminal rebater or high financier into a meek-faced apostle of spotlessness.

There are, we regret to say, in the Paris dispatches announcing the discovery some rather disquieting suggestions. Incidentally the scientist asserts that the application in a certain manner of his special current will electrocute a subject in an absolutely painless manner, gentle sleep being followed by gradual but certain death.

IN an address before the recent convention of the Kentucky Bankers' Association, Henry Clews, the veteran Wall Street banker, proposed that instead of fining corporations found guilty of illegal acts, the responsible officers of such corporations should be punished by imprisonment. Mr. Clews pointed out that by adopting this policy punishment would be confined to the guilty, while such prosecutions would in no way tend to depreciate the value of the stocks and bonds of the corporations concerned.

It is certainly carrying the punishment too far when innocent investors are made to suffer loss for acts in which they had no share. This loss often transcends the mere cost of the penalty inflicted on the corporation for violating the law, inasmuch as the stocks or bonds of the corporation will decline as a consequence of the fine.

If laws are made too severe it is obvious that they will either not be enforced, or that they will, if enforced, deter men who are careful of their reputations from assuming the risks of prosecution which are incidental to corporate management. These risks can be avoided by conforming to the law, but until they are clearly defined, and while the public temper is more or less hostile to corporations, men of the best type of mind and character will be chary of assuming them.

Still, the principle enunciated by Mr. Clews is undoubtedly sound. The officers, or at most the directors, of a corporation are primarily blamable for illegal acts, and upon them the punishment should fall. The wide market for railway and industrial securities renders it practically impossible for them to be subject to the same rules as are applicable to holders of bank stock, who must suffer loss for the acts of directors and officers.

THE legislatures of some of the states have recently passed a statute substantially in the following form: "That when a deposit has been made or shall hereafter be made in any bank or trust company transacting business in this state in the name of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or interest or dividends thereon, may be paid to either of said persons whether the other be living or not, and the receipt or acquittance of the person so paid shall be a valid and sufficient release and discharge to such bank or trust company for any payment so made."

So far as this statute relates to deposits made subsequent to its enactment, there can be no doubt of its validity; but so far as it applies to deposits made prior to that time, it would seem to be unconstitutional. The authority to pay to the survivor must proceed upon the theory that the survivor is the owner of the fund; and this is the ground upon which all the decisions have been made. But if the acts of the parties have not been sufficient to vest the ownership in the survivor, under existing laws, it is plain that this cannot be done by legislative enactment. For it is fundamental that a statute which authorizes the transfer of one man's property to another is void. (Taylor vs. Ford, 4 Hill, 140, 148.) Thus, it is held that where a deed conveys a defeasible title, and the grantor and his heirs have a right of reverter, the Legislature has no power to divest their title, and authorize the grantees to dispose of the property absolutely. (Second Universalist Society vs. Dugan, 65 Md., 460.) So, it has been held that where a man's estate is fully discharged of all his wife's claim to dower, the Legislature cannot thereafter interfere with or diminish the estate in the hands of an heir or grantee by giving the wife an interest therein. (Morrison vs. Rice, 35 Minn., 436.)

In many of the cases the question has depended upon whether the person making the deposit intended a gift to the other, as, for example, where the money deposited belonged to the husband, but the deposit was made in the name of husband and wife. In such a case, if the acts of the husband were not sufficient to constitute a gift, the Legislature cannot divest the title of the husband's executor and bestow the property upon the wife. As to prospective transactions, parties will be deemed to have made the deposit with reference to the statute, and hence there will be no difficulty as to deposits made after the law takes effect. But as to joint deposits made before the enactment, it would be well to have the parties sign some direction or memorandum which would evidence their intent that the provisions of the statute shall apply to their deposit.

ONE of the men accredited to the United States Senate from the State of New York recently declared that a syndicate of French investors who had intended to send us a billion dollars of their cash in exchange for our securities had been frightened by the policy of the Government toward corporations, and would not make the contemplated investment. This is bad news, for the United States is always happy to exchange its printed representatives of wealth in the shape of stocks and bonds for the coin of France or for the many palatable products of that country. If the Frenchman refuses to buy our securities, how are we to get his wines, millinery and knickknacks? Unless the Government moderates its corporation policy, the price of champagne will go so high that the ordinary mortal cannot afford it, while the price of French millinery will be so far out of sight as to compel American women to purchase the hideous "creations" of the British imitators of the artistic Gauls.

Manifestly, there is a serious aspect to the disinclination of foreigners to invest in our securities. It consists in the fact that the business methods of a few—a very few—American corporations have become such as to justify the vigorous policy of exposure and correction inaugurated by THEODORE ROOSEVELT. When we reform those methods, as we are now doing, and not before, the confidence of the French investors will be restored.

HOPE, which is said to have bade the world farewell for a season, may be expected to return shortly. At least we find this favorable omen in the Washington correspondence of the New York "Journal of Commerce and Commercial Bulletin" of August 3:

"It is believed that Congress is in a humor to take some action in regard to the bank currency and that the opposition of Mr. Aldrich will not be so strong next winter, *especially if he can be allowed to shape the legislation precisely as he thinks best.*"

The Chairman of the Senate Finance Committee is in a condescending mood. He will withdraw opposition to currency reform, "especially if he can be allowed to shape the legislation precisely as he thinks best." This is very magnanimous and also very modest. The American people have cause to rejoice that the dictator of their financial legislation is disposed to be so obliging as he is represented by the correspondent of the paper mentioned. It does not yet appear whether the kind of financial legislation that the Rhode Island Senator favors is desired by the people or not, but that is a minor detail. The fact of real importance is that Senator ALDRICH is gracious enough to permit financial legislation of any kind.

A HIGH STANDARD.

IN renewing the subscription of the Commercial-German National Bank of Peoria, Ill., to THE BANKERS' MAGAZINE, William Hazzard, assistant cashier of the bank, writes under date of September 4:

"In sending you this renewal we wish to again express our high appreciation of the excellent standard which you continue to maintain in the MAGAZINE."

A PRACTICAL TREATISE ON BANKING AND COMMERCE.*

BY GEORGE HAGUE,

FORMER GENERAL MANAGER MERCHANTS' BANK OF CANADA.

BANKING ACT OF CANADA.

IT is desirable in a work like this that a statement of the leading features of the Act under which chartered banks do business in Canada should be made in such a form as to be understood by all classes of the community. For all classes are interested in banks, whether they desire it or not, inasmuch as the bulk of the notes circulating as money are issued by them. Whether a man has money to deposit or not, whether or not he needs money to carry on his business, he must in the nature of things, if he lives in Canada at all, sometimes have the notes of a Canadian bank in his possession and carry them at his risk. But the provisions of the Act are of interest to others besides Canadians, for it is universally admitted to be of high excellence.

The power to establish banks that can issue notes for circulation should reasonably be considered in relation to the general welfare of the community. That should be well understood; though, indeed, it is sometimes lost sight of. Banks do not receive powers for their own sake, but for the advantage of the people. It is the representatives of the people in Parliament that grant these powers; and when it is considered that no professional banker has ever sat in Parliament, and only few, comparatively, of the class of bank directors or presidents, it becomes apparent that bank legislation must have been considered in its relation to the country at large, and not simply in its bearing upon the interests of a particular class.

The Canadian Bank Act is the fruit of many years of discussion, during which it has been repeatedly considered by committees of the House of Commons and the Senate, who have had before them prominent members of the mercantile community, as well as professional bankers of experience. The Act itself is a consolidation of many separate acts formerly enacted by Canadian legislatures, under which charters to carry on the business of banking were conferred on certain corporations. The provisions of these early charters were largely framed upon those prevailing in the United States, with modifications suited to the circumstances of Canada.

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* Continued from September number, page 336.

But soon after the Provinces of Canada were confederated, the general subject of bank charters was taken up in Parliament with a view to the establishment of a general Act for the whole Dominion. The existing charters were then thoroughly examined in committee and discussed clause by clause, the result being the passing of that one general Act under which banking has been carried on by all incorporated banks ever since 1871. At intervals of ten years (being the limit of the operation of the Act) its provisions have again been the subject of exhaustive discussion, and various amendments have been incorporated therein, all designed for the better protection of the public. It is worthy of note that the whole of these provisions for protection were suggested by the banks themselves; and very naturally so, for the banks are, at all times, by far the largest holders of each others' notes. They would therefore be the heaviest sufferers in case there were any failure of redemption.

The Canadian Bank Act, as it was finally passed through both Houses of Parliament in 1901, consists of 104 clauses, the leading features of which may be summarized as follows:

1st.—Clauses which concern the *establishment* of a bank;

2d.—Clauses relating to the *stock* and *stockholders;*

3d.—Clauses relating to *directors,* their powers, qualifications, and responsibilities;

4th.—Clauses relating to the *issue and redemption* of notes for circulation;

5th.—Clauses with regard to the *lending of money,* discounting of bills and investing in securities; also as to *deposits and reserves;*

6th.—Clauses relating to the *statements* to be made by the banks to the Government;

7th.—Clauses relating to *insolvency;*

8th.—Clauses imposing *penalties.*

It is proposed in this chapter to give a brief synopsis of the Act under these heads.

Of the Establishment and Incorporation of a Bank.

No bank can be established unless an Act of Parliament is obtained for the purpose, setting forth:

(1) The proposed *name;*

(2) The *capital* to be subscribed;

(3) The *locality* of the head office;

(4) The names of *provisional directors.*

To such a bank all the provisions of the Bank Act must apply.

The *subscribed* capital must *not be* less than *$500,000* and there must be *$250,000 paid up* before business can be commenced.

No business shall be entered upon until a Certificate has been given by the Treasury Board† that the provisions of the Act have been complied with, and this within one year of the passing of the Special Act of Incorporation.

The large requirement as to capital was in view of the power of issuing notes which the Act confers.

CLAUSES RELATING TO THE SHARES AND SHAREHOLDERS.

(1) Shares must be uniformly of $100.

(2) At all meetings where voting takes place each share shall count for one vote.

(3) Shareholders may vote by proxy. But no officer of the bank can be nominated as proxy, and all proxies must be renewed every two years.

(4) The names of shareholders must be registered in books kept for the purpose by the bank.

No transfer or assignment of shares is valid unless and until entered in such books. And the owner of the shares is the person whose name is on the register.

(5) For any debt to the bank incurred by a shareholder the bank shall have a lien on his shares.

(6) The shareholders shall meet annually and elect directors.

(7) They shall have power to pass by-laws touching the following matters: The day of the annual meeting; the record of proxies; the number of directors, their qualifications, and the mode of filling vacancies; the amount of discounts and loans that may be made to directors.

(8) Shareholders may authorize directors to establish guarantee and pension funds.

In addition to the foregoing are clauses relating to the following matters:

(1) The payment of calls and penalty for neglect.

(2) The transfer of shares, under a writ of execution.

(3) The transfer of shares by will, or marriage, or bankruptcy.

(4) Lists of transfers to be exhibited in the bank.

(5) Persons holding shares as executors or trustees shall not be personally liable. But the estate or funds they administer shall be liable,

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† The Government Treasury Board exercises very important functions in the practical working of this Act. This Board was constituted by Act of the Dominion Parliament, Sect. 9, Cap. 28, Revised Statutes of Canada, as amended by 50 1 Victoria Cap. 13 and is, in substance as follows:

9. There shall be a Board to be called The Treasury Board consisting of the Minister or Finance, and any five of the Ministers belonging to the Queen's Privy Council for Canada, to be nominated from time to time by the Governor in Council.

Sect. 10 Cap. Revised Statutes: The Minister of Finance shall be the Chairman of the Treasury Board, and the Deputy of the Minister of Finance shall be the Secretary thereof, and through him the board shall communicate with any public department, or officer, or other person.

provided always that such estate or trust shall have been expressly named. In default of this the executor or trustee shall be liable personally. The bank shall not be bound to see to the execution of any trust to which shares in its stock are subject.

In addition to the above provisions, the Bank Act contains the following relating to the capital as a whole:

(1) The capital may be increased or decreased by a by-law passed by shareholders at the annual meeting, or at a meeting called for the purpose, to any amount that may be determined, provided only that the capital paid up shall not be reduced below $250,000.

(2) But no such addition or reduction shall take effect unless a certificate approving thereof has been issued by the Treasury Board.

(3) Increased stock shall first be offered to the shareholders *pro rata* at such a rate as may be fixed by the directors. But no rate shall be fixed which will make the premium, if any, on such new stock, exceed the percentage which the existing reserve fund bears to the existing capital of the bank.

Clauses Relating to Directors.

(1) Each director must hold stock paid up as follows, as least:

When the whole paid up capital is $1,000,000 or less	$3,000
From $1,000,000 to $3,000,000	4,000
Exceeding $3,000,000	5,000

(2) A majority of the directors must be natural born or naturalized British subjects.

(3) The whole of the directors shall be elected annually.

(4) Vacancies during the bank year to be filled up according to provisions of by-laws.

(5) The capital and all the affairs and concerns of the bank to be managed by the directors.

(6) They shall have power to make by-laws as follows:

(*a*) As to the management of the business generally.

(*b*) As to the duties and conduct of officers.

(7) They may appoint such officers as they consider necessary, and remunerate them as they think fit. But they must allow no officer to enter on his duties until he has given satisfactory security.

(8) They shall submit to the shareholders at the annual meeting a full statement of the affairs and condition of the bank and also such special statement as may be called for in any by-law duly passed by the shareholders either in annual meeting or at a meeting called for the purpose.

(9) They shall declare dividends half-yearly or quarterly out of the profits of the bank. But such dividends shall not be such as to impair the paid-up capital. If any such dividend is declared the directors who concur therein shall be jointly and severally liable therefor.

(10) If any part of the capital is lost, the directors shall cause the same to be made good by the shareholders.

(11) They shall not declare any dividend beyond eight per cent. per annum unless the rest or reserve fund amounts to at least thirty per cent. of the paid-up capital.

Clauses Relating to the Issue and Redemption of Notes for Circulation.

(1) The bank may issue notes payable on demand to an amount not exceeding its paid-up capital.

(2) No note shall be of lesser amount than five dollars—and notes in excess shall be for some multiple of five dollars.

(3) *All such notes shall constitute a* PREFERENTIAL LIEN *on all the assets of the bank in the event of insolvency.*

(4) The payment of such notes is further secured by a special Redemption Fund, to which all banks shall contribute *pro rata* to the amount of their average circulation year by year. The said fund to be held by the Government under the name of "Bank Circulation Redemption Fund," and to be used for no other purpose than the redemption of the notes of any insolvent bank.

On the amount contributed by each bank, interest to be allowed by the Government. The total amount to be contributed by each bank to said fund shall be five per cent. on its average circulation. If payments are required to be made from the fund, they shall be made *pro rata* from the amount of each existing bank. Banks to make good the deficiency so caused, but only by payments not exceeding one per cent. per annum.

(5) In case of insolvency the notes of a suspended bank shall bear interest at the rate of five per cent. per annum, until notice has been given by the Government of its readiness to redeem them.

(6) No bank shall pledge or hypothecate its notes for a loan, and no loan so made shall be recoverable from the assets of the bank.

If the total circulation at any time exceeds the capital of the bank, the bank shall incur the following penalties, viz.: If the excess be not over \$1000 the penalty shall be the amount of the excess; if over \$1000 and not over \$20,000, the penalty to be \$1000; if over \$20,000 and not over \$100,000, a penalty of \$10,000; if the amount of the excess is over \$100,000 and not over \$200,000, a penalty of \$50,000; and if the amount of such excess is over \$200,000, a penalty of \$100,000‡

‡ These penalties, and the latter one especially, will strike any one who is acquainted with the subject as being unreasonably large, seeing that the banks in Canada are issuing bills for the carrying on of the business of the country; that they are doing this day by day, at all their branches simultaneously; and that in an active condition of business, a bank with numerous branches may pay out to its customers the largest amount above named in a single day. These penalties suggest that an impression must have prevailed in Parliament that it would be detrimental to the public interest for a bank under any circumstance, and even for a day, to issue bills beyond the authorized amount; the truth being that the bills are so surrounded with safeguards that the public could not possibly suffer loss even if such issue were made. This has been demonstrated by experience.

At the revision of the bank charters which came into force in 1901 an additional safeguard was imposed by placing the whole supervision of the manufacture, distribution and issue of circulating notes of the banks under the supervision of the Bankers' Association, upon whom was also placed the responsibility of seeing that the destruction of cancelled notes was carried out in a proper manner.

The Association had previously been constituted an incorporated body, largely with a view to the exercise of these functions. The banks are thereby, as a body, constituted guardians of their mutual interests; than which nothing can be more reasonable, seeing that by the operation of the bank note redemption fund they are made ultimately liable for each others' issues.

Powers with Regard to the Lending of Money and Other Uses of the Funds of the Bank, Also with Regard to Deposits and Reserves.

(1) The bank may lend money on bills of exchange, bonds, stocks, debentures and standing timber; may discount bills, and carry on such business as generally appertains to banking. But it shall not lend money on real estate or other immovable property, or ships. Yet it may take and hold any of these as additional security for debts already contracted.

(2) But it shall not hold real property more than seven years without permission of the Treasury Board, and then only for five years longer.

(3) The bank shall only lend money on merchandise when the same is pledged to it at the time the loan is made, and then only on a warehouse receipt, pledge, or bill of lading, which warehouse receipt or pledge in certain specified cases may be given by the owners of the goods.

It shall have the power to sell the goods after notice. Elaborate provisions are contained in the Act respecting these powers to loan on merchandise, all being designed to safeguard the rights of ordinary creditors.

(4) There are also provisions respecting property which the bank may acquire, whether movable or immovable, also as to its power of sale and realization.

(5) Any person making a false statement as to the goods pledged by a warehouse receipt or bill of lading, or who removes any goods pledged to a bank without its consent, or withholds them when demanded, is liable to imprisonment for a term not exceeding two years.

(6) For all advances made upon warehouse receipts or bills of lading the bank shall hold a preferential lien upon the goods prior to the claim of a non-paid vendor, if such there be. And if such vendor have a lien upon the goods at the time the advance was made, preference of the bank will still hold good, unless it had knowledge of the prior lien.

(7) The bank shall not be liable to penalty or forfeiture for usury; but it shall not be able to recover by action at law more than seven per cent. per annum.

Deposits.

(8) The bank can receive deposits from any person and repay them to the same person; subject, however, to any law of any of the provinces of Canada imposing disability on certain classes of persons. Provided always that from such persons deposits may be received and repaid up to five hundred dollars.

The bank shall not be bound to see to the execution of any trust, whether expressed or implied, to which any deposit may be subject, or to the application of the money paid on such deposit.

If a deposit is made in the name of two persons the receipt of one shall be a sufficient discharge; or, if in the name of more than two, the receipt of the majority.

Money of a deceased depositor can only be drawn by production of a notarial copy of will, or copy of probate or letters of administration by a competent court.

Reserves.

The bank shall always hold, as part of its reserve§ of cash on hand, not less than *forty per cent.* thereof in the legal-tender notes of the Dominion; and the Finance Minister shall always deliver such notes in exchange for specie at the offices where legal-tender notes are redeemable, which places, in 1901, were Montreal, Toronto, Halifax, Ottawa, St. John, N. B., Winnipeg, Charlottetown and Victoria, B. C.

Clauses Relating to Statements to the Government.

These returns, which are sent monthly, and are summarized and published in the "Canada Gazette," were formerly much simpler than they were subsequently made, and in their present form are so detailed and elaborate that none but experts can properly appreciate them.

The points upon which information is desirable are of interest, partly to the general public, partly to bank stockholders and investors, and partly to other bankers and the Government.

The public are interested in knowing how the banks as a whole are progressing, as to the total amount of their circulation, deposits and discounts. All these are indices of the growth or otherwise of the business and wealth of the country at large. But the public have little or no interest in knowing the amount of overdue bills, or what amount of the banks' funds are invested in bonds and stocks, or in what particular form its reserve of cash is maintained.

But bank stockholders and other banks are interested in knowing what cash reserves or available resources the individual banks are keeping,

§ But there is no provision as to the total amount of such reserve.

also what amount of its funds each bank employs from time to time in discounting bills and trade advances, and how much in stock exchange loans and debentures, also how much real estate a bank has acquired and whether any bank is borrowing from another bank.

In fact, bankers and stockholders are all interested in seeing whether any individual bank is stretching out its business beyond safe bounds, and thereby jeopardizing its position. As for the Government, its main concern is to see whether the bank's circulation is within the authorized limit, and whether in the cash reserve there is held the prescribed proportion of legal-tender notes.

It is also of interest that it should be generally known what are the total advances to directors, inasmuch as instances have occurred in banking where the position has been seriously jeopardized by such advances being allowed an undue amount.

The Monthly Return, as now prescribed by law, is as follows:

Capital authorized	$.........
Capital subscribed	....
Capital paid up*........................	....
Amount of rest..........................	....
Rate per cent. of last dividend............	....

Liabilities.

(1) Notes in circulation..................	$.........
(2) Balance due to Dominion Govt.......	....
(3) Balance due to Provincial Govt.......	....
(4) Deposits by the public in Canada payable on demand..................	....
(5) Deposits in Canada payable after notice	....
(6) Deposits not in Canada..............	....
(7) Loans and rediscounts from other banks.	....
(8) Deposits by other banks in Canada, including balances due............	....
(9) Due to agencies of the bank, or to other banks in the United Kingdom.	....
(10) Due to agencies or banks elsewhere...	....
(11) Other liabilities	....
Total liabilities	....

Assets.

(1) Specie	$.........
(2) Dominion notes	....
(3) Deposits to secure circulation.........	....
(4) Notes and checks of other banks.......	....
(5) Loans to other banks secured, including bills rediscounted	....

(6) Due from other banks in Canada...... ....
(7) Due from agencies of the bank or other banks in the United Kingdom...... ....
(8) Balances due from agencies of the bank, or other banks or agencies elsewhere than in Canada or the United Kingdom ....
(9) Dominion and Provincial Government securities ....
(10) Canadian municipal securities and British, foreign or colonial public securities other than Canadian....... ....
(11) Railway and other bonds, debentures and stock..................... ....
(12) Call and short loans on stocks and bonds in Canada................. ....
(13) Call and short loans elsewhere than in Canada ....
(14) Current loans in Canada............ ....
(15) Current loans elsewhere than in Canada. ....
(16) Loans to the Government in Canada... ....
(17) Loans to Provincial Governments..... ....
(18) Overdue debts ....
(19) Real estate, other than bank premises.. ....
(20) Mortgages on real estate sold by the bank ....
(21) Bank premises ....
(22) Other assets, not already included..... ....

Total assets..................... $.........
Aggregate amount of loans to directors and firms of which they are partners.... $.........
Average amount of specie held during the month......................... ....
Average amount of Dominion notes held during the month.................. ....
Greatest amount of notes in circulation at any time during the month............. ....

This return, it will be seen, is in remarkable detail, and it affords to bankers a certain amount of general information as to what their neighbors are doing. This, of course, is of much interest to them. But it is questionable whether much of the information might not be summarized with advantage, so far as the Government and the public are concerned. And it is certainly questionable whether the extraordinary detail of these returns operates as a check upon illegitimate banking. Such a check may have been intended, but experience does not bear out the supposition that these returns are effectual for that purpose.

Clauses Relating to Insolvency.

The closing of the doors of a bank and suspension of payment do not *ipso facto* operate to place a bank in insolvency.

Suspension requires to be continued for *ninety days consecutively*, or for ninety in all, if at intervals during twelve months.

But suspension for that period constitutes the bank insolvent and operates as a forfeiture of its charter; which charter, however, is continued for the purpose of winding up the bank.

It is, however, provided that if any bank suspends payment, the Bankers' Association shall appoint a curator to supervise the affairs of the bank; and it shall be his duty to make, in the first place, all needful arrangements for the payment of the notes of the bank, and then for protecting the rights and interests of the creditors generally. The curator to hold office until a liquidator is appointed to wind up the bank, or until it resumes business.

If, after suspension for ninety days, no proceedings are taken with a view to the winding up of the bank by the appointment of a liquidator or otherwise, the directors shall make calls upon the stockholders for such sums as they may deem needed to pay all the liabilities of the bank. Stockholders who have transferred their shares within sixty days of the suspension of the bank shall be liable to pay the foregoing calls as if they held them at the time of suspension. But they shall have recourse against those by whom the shares are actually held at the time. It is also provided that no statute of limitations or prescription shall have any application to a bank. In all other respects the procedure in the case of the insolvency of a bank is the same as that in the case of an ordinary company or mercantile firm.

Penalties.

The act imposes sundry penalties for violation of its provisions:||

(1) For neglecting to pay calls when due, ten per cent.; or the directors may declare such shares to be forfeited.

|| The clause that imposes a penalty of $500 for each violation of the Act comprised within sections from 64 to 78 inclusive, cannot but strike an observer as singularly liable to abuse at the hands of an arbitrary administration. Those sections are not only voluminous and complicated, covering a great number of actions of a totally different character, but some of them are notoriously difficult to interpret, and are open to different constructions as they apply to the numerous and varied circumstances of daily banking business. Other penalties of the Act are for single specific offenses respecting which there can be no dispute; such, for example, as not holding a proper quantity of Dominion notes, or for an over-issue of notes, or not sending in returns within the specified time.

All these are definite acts and easily provable. But what shall be said of a clause that sweeps within a reiterated series of penalties a large number of

(2) For holding less than forty per cent. of cash reserves in Dominion notes, five hundred dollars per day.

(3) For an over-issue of circulating notes. (These penalties have already been referred to.)

(4) For violating any of the provisions of the Act relating to the securities on which money can be lent, or to real property acquired, or mortgages thereon, for each violation a penalty of five hundred dollars.

(5) For not sending monthly returns in proper time, fifty dollars per day.

(6) For not sending any special returns required by the Minister of Finance, five hundred dollars per day.

(7) For not sending list of shareholders annually at the time appointed, fifty dollars per day.

(8) For not sending list of unpaid dividends, unpaid balances and unpaid drafts, fifty dollars per day.

The two clauses which follow impose penalties upon directors or officers of the bank.

(9) For declaring any dividend which impairs the paid-up capital of the bank; all directors who knowingly concur therein shall be jointly and severally liable therefor as a debt due to the bank.

(10) For giving a fraudulent or unfair preference to a creditor, or for wilfully making any false return or statement of the affairs of

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complicated provisions relating to advancing money in aid of the building of ships, or acquiring, holding, and releasing warehouse receipts, pledges, and hypothecs of variously described articles of merchandise, respecting the interpretation of which lawyers and judges have held and are likely to continue to hold different opinions.

It is to be noted that the actions hedged round by such extraordinary provisos and penalties are such as must occur repeatedly in any single day's business, when the movement of the crops is actually going on. Yet the penalty is for each separate act, which, it has been contended, means the payment of each check. The whole spirit of these clauses would imply that the lending of money for the purchase of agricultural produce is a very suspicious business, fraught with danger to the community, and to be jealously watched by the Government. It may be said, and probably has been said, and will be again, that a banker can easily keep himself safe by not lending money under these clauses; in fact, he need not lend money to move the crops at all unless he pleases. This is easy to say; but in so saying it is forgotten that the warehousing clauses of the Bank Act were devised by Parliament for the very purpose of facilitating these operations of commerce which, more than any others, promote the prosperity of the country; viz., the marketing, transporting, and exporting of its crops and productions. The "moving of the crops" as it is technically termed, including the productions of the forest, sea, and mine, is universally recognized as the foundation of all the other industries of Canada.

Now, if the clauses of the Bank Act that were expressly framed to enable the banks to promote this are so hedged about by provisos and penalties, that bankers cannot act upon them without great risk of being heavily fined, it is obvious that both clauses and penalties need reconsideration. There is the more reason for the latter in the fact that all the dubious clauses relate to the security for loans of money, a violation of which carries its own penalty in the forfeiture of the security.

This forfeiture can be enforced by ordinary process of law, and renders any special penalty unnecessary.

the bank, the parties who have prepared or signed such statement shall be liable to imprisonment for a term not exceeding five years, and shall be responsible for all damages sustained by any person in consequence thereof.

The above penalties are all applicable to a bank in its corporate capacity, or to one or more of the officers. But the Act provides for penalties applicable to offences by other persons, thus:

(1) For issuing any bill or note intended to circulate as money four hundred dollars.

(2) For using the title of bank, or banking company (or the like corporate words), without authority from this Act, a fine of one thousand dollars, or imprisonment for a term of not over five years.

(3) For defacing any Dominion or Provincial note, a penalty not exceeding twenty dollars.

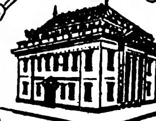
Such is the Banking Act of Canada, which, though not without defects, is nevertheless by general admission an admirable compendium of what is necessary and desirable for a banking corporation to be permitted to do, or to be prohibited from doing.

The Act aims to include within one statute all necessary legislation on the subject except that relating to promissory notes and bills of exchange, which are dealt with in a separate act. The banking legislation of Canada is the final issue of much consideration from many quarters and much discussion of opposing views and theories during a long series of years. It is, in its main features, and in much of its detail, especially adapted to the circumstances of Canada as a country of varied productions, various lines of business and manufacture, and of a high stage of industrial development.

But some of its clauses bear evidence of the prevalence of theoretical views as opposed to those that are practical, and have doubtless been insisted upon by parliamentary or governmental *doctrinaires*, in opposition to those who have practical knowledge.

(*Concluded.*)

TRUST COMPANIES



TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

THE DUTIES AND LIABILITIES OF TRUST COMPANIES ACTING IN VARIOUS CAPACITIES (CONTINUED).

TRUSTEE UNDER BOND ISSUES.

WHEN one wishes to borrow upon mortgage security a comparatively small amount, such as he may obtain from a single lender, the loan may be negotiated upon a single note and mortgage. If, however, a corporation wishes to borrow a sum running into hundreds of thousands or millions of dollars, it must look to a number of different investors to furnish the money, and must supply a corresponding number of notes or evidences of indebtedness, each of which must be secured by mortgage. It is manifestly impracticable to furnish each investor with a separate mortgage; and hence there has grown up the custom of issuing a single mortgage securing a number of separate notes or bonds, of amounts (usually $1000 or $500) which are within the reach of the average investor. It then becomes necessary to select some one person or corporation to whom, as trustee, the mortgage may run in trust for the several bondholders, and who may identify the bonds issued upon the security of such mortgage. For these trusteeships the trust company has manifold qualifications, and has come to be generally used. What are its duties and liabilities when acting in this capacity?

In the simplest case of such a trusteeship, if the issuing corporation meets its obligations promptly and regularly, the duties of the trustee may be no more than the holding of the mortgage as trustee, the certification of the bonds, and, at maturity, the satisfaction of the mortgage and cancellation of the bonds. In many cases, however, the duties of the trustee at the outset and during the life of the bonds are more extensive, while in any case the failure of the issuing corporation to comply with the terms of the mortgage will impose added burdens upon the trustee.

When the trust has been accepted the mortgage conveying title to the trustee in trust for the holders of the bonds is recorded, the seal of the

* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

corporation and the signatures of its proper officers are placed upon the bonds, and the latter are delivered to the trustee for certification. Before the mortgage is executed or the bonds engraved both documents should be submitted to the trustee for examination and approval by its attorney. He should see to it that the descriptions of the property to be mortgaged are definite and plain, and that the duties, limitations and liabilities of the trustee are set forth in the mortgage clearly and fully. Upon receipt of the bonds the trustee examines each bond with care to see that all are in complete condition, properly signed and sealed, that the number of the bonds is correct and that their wording is according to the form which should be given in full in the mortgage. Having satisfied itself of these things, the trustee has its secretary sign the trustee's certificate on each bond, and is then ready to deliver the bonds according to the provisions of the mortgage.

The conditions to be inserted in the mortgage for the definition of the trustee's liability demand careful thought. The following are suggested by a Committee of the Trust Company Section, American Bankers' Association,† and will be found very useful as guides:

"As a condition precedent to the acceptance of the said trust by the trustee it is further stipulated and agreed by and between the parties hereto and all present or future holders of bonds secured by these presents, that the trustee shall not be answerable for any act, default, neglect or misconduct of any of its agents, representatives or employees, by it appointed or employed in connection with the execution of any of the said trusts, nor in any other manner answerable or accountable under any circumstances whatsoever, except for gross negligence or bad faith; that the recitals contained herein, or in the bonds as to priority of lien, due authorization or any other matter whatsoever, are made by and on the part of the company, and the trustee assumes no responsibility for the correctness of the same; also, that it shall be no part of the duty of the trustee to file or record this indenture, mortgage, deed of trust, assignment or other instrument whatsoever that may be delivered to it under the terms of this instrument as a mortgage, deed of trust or conveyance of real estate, or as a chattel mortgage or conveyance of personal property, or to renew such deed of trust or mortgage, real or personal, or to procure any further, other or additional instrument of further assurance, or to do any other act which may be suitable and proper to be done for the continuance of the lien or charge hereof, or for giving notice of the existence of such lien or charge, or for extending or supplementing the same; nor shall it be any part of its duty to effect insurance against fire or other damage on any portion of the premises or property hereby mortgaged, or to renew any policies of insurance, or to keep itself informed as to the payment of any taxes or assessments, or to require such payment to be made; but the trustee may do any or all of these things.

The trustee shall not be compelled to take any action as trustee under this mortgage unless first properly indemnified to its full satisfaction, nor shall it be chargeable with notice of any default on the part of the

† Proceedings Trust Company Section 1905, pp. 7-9.

company except upon delivery to it of a distinct specification in writing of such default by some person or persons interested in the trust, whose interest, if the trustee shall require, must be proved to the reasonable satisfaction of the trustee.

In case at any time it shall be necessary and proper for the trustee to make any investigation respecting any fact or facts preparatory to taking or refraining from taking any action, or doing or not doing anything, as such trustee, the certificate of the company under its corporate seal, attested by the signature of its president or secretary, or the affidavit of one or more directors, shall be conclusive evidence of such facts to protect the trustee in any action or position that it may take or assume by reason of the supposed existence of such facts.

It is further covenanted and agreed that the trustee under this deed of trust is, and shall be, entitled to reasonable compensation for all services rendered hereinunder, or in connection with the trust, which compensation, together with any and all necessary and reasonable expenses, charges, counsel fees and other disbursements incurred by the trustee in the discharge of his duties as such, shall be paid by the company or out of the trust estate upon which they are hereby made a lien and charge superior and prior to those of the bonds secured hereby.

The trustee shall be protected in acting upon any resolution, notice, request, consent, certificate, affidavit, voucher, bond or other paper or document believed by it to be genuine and to have been passed or signed by the proper party.

Every trustee hereunder may at any time resign from the trust by mailing, at least sixty days before such resignation shall take effect, a duly addressed notice in writing to that effect to the company, and to all bondholders who may be known to the trustee to be such, and whose addresses shall likewise be known to it."

The form of the trustee's certificate should likewise be worded with care to avoid the incidental assumption of responsibility which the trustee does not intend to assume. For example, it has been held that the statement in the certificate that the bond is "secured" by the mortgage therein referred to may commit the trustee to a guaranty that the bond actually is secured. The committee already referred to suggests the following form for the trustee's certificate:

"It is hereby certified that this bond is one of the series of bonds mentioned and described in the mortgage or deed of trust herein referred to.

——————————Trust Company, as Trustee,

By ——————————Secretary."

The provisions for the delivery of the bonds after certification vary greatly. Sometimes all of the bonds are to be delivered to the issuing corporation at once upon the recording of the mortgage; often some of them are to be withheld to take care of underlying bonds, or, as in the case of a railroad construction mortgage, the bonds are to be delivered in installments as the work progresses. Occasionally the entire issue is to be held in the custody of the trustee until the completion of certain work, or the fulfillment of certain conditions. When any conditions are attached to the delivery of the bonds, the mortgage should be absolutely clear as to the conditions, and should specify the evidence to be required that such conditions have been fulfilled. The responsibility of the evidence is ordinarily put upon the issuing corporation, the trustee being liable only for the exercise of good faith.

After delivery of the bonds the trustee may be called upon to perform various duties, depending upon the terms of the mortgage and the character of the property. If provision is made for the accumulation of a sinking fund, the trustee may have divers duties in that connection. The trustee's powers may include that of releasing portions of the property from the lien of the mortgage. In the case of collateral trust bonds—which are practically long-time collateral notes—the mortgaged property consists of bonds and stocks, and the trustee may be called up to pass upon securities offered in substitution. Outside of its regular duties as trustee, the trust company may perform various services as fiscal agent.

The management of a sinking fund involves varying degrees of responsibility. Often the funds received are to be used for the retirement of a certain number of the outstanding bonds each year, according to the provisions contained in the mortgage which secures the bonds. The particular bonds to be retired are selected by lot, and the result is advertised in the daily papers. Whether they are presented for redemption or not, they cease to draw interest at the period advertised. The bonds thus redeemed are often not cancelled, but are held by the trustee under the mortgage, and interest on them is added to the sinking fund for the further purchase of bonds. In the absence of provision for the retirement of bonds as above stated, they are sometimes to be purchased in the open market from the sinking fund. Occasionally the sinking fund is to be invested in other securities, either according to stipulated conditions or at the discretion of the trustee or the directors of the corporation.

In case of default by the issuing corporation the trustee may find it necessary to foreclose the mortgage and sell the property. Not infrequently various interests among the bondholders institute proceedings which of necessity involve the trustee and add to its duties; and in any case the trustee is obligated, within the limits which should be carefully laid down in the mortgage, to protect the interests of all bondholders alike. If a receiver for the corporation is appointed, and application made for the issue of receiver's certificates to be prior in lien to the bonds, the trustee for those bonds should, through its attorney, appear in court and look after the interests of the bondholders, either favoring or opposing the issue of receivers' certificates as the welfare of the holders of the bonds may dictate. For all special services the trustee is of course entitled to reasonable compensation, the fees agreed upon at the start covering only the routine duties, of which the chief is the certification of the bonds.

Regarding the liability incurred in the certification of bonds there are some differences of opinion, which concern chiefly the moral rather than the legal responsibility of the trustee. So far as the trustee is concerned the certification is intended for no more than the identification of the bonds as being the particular bonds referred to in the mortgage or deed of trust to which reference is made in said bonds. The trustee does not undertake to guarantee anything regarding the value of the property alleged to be behind the issue, regarding the title to the property, or regarding the regularity of issue, validity or priority of lien of the mortgage. It merely certifies that it has in its possession as trustee a mortgage issued by the corporation whose name appears therein, that the bond upon which its certificate appears is genuine, is one of the bonds referred to in the mortgage, and that the number of such bonds certified by it is not greater than the number called for in the mortgage. In other words, the certificate intends only to identify the bonds and to prevent an overissue of them.

Notwithstanding this very limited legal liability undertaken by the trustee, the company which accepts such trusts without a reasonably careful investigation runs the risk of having its reputation, and incidentally its business, seriously injured; and most companies recognize that their moral responsibility to the public requires care lest their names be allowed to appear in any connection with enterprises regarding the legitimacy and good faith of which there appears to be any question. There is of course no obligation on the part of the trustee to feel assured that the enterprise will be successful; that is a risk which the investor must take for himself, and besides, it may well be that enterprises which do not look promising to the trustee may meet with great success and be exceedingly profitable to the investors. But if an undertaking proves to have been from its very inception a "fake," the trust company whose name appears upon the bonds as trustee is very certain to suffer in public estimation, no matter how innocent of wrong intention it may have been.

The degree of care exercised and the particular matters investigated before accepting an appointment of this kind of course vary with different companies. Some do no more than satisfy themselves that the undertaking is legitimate and that the men behind it are acting in good faith. They argue that for the meagre compensation received they can afford to do no more, that they are living up to the full measure of their contract; and further, that their doing more would tend to mislead the public. Those who go to the other extreme take pains to verify the correctness of everything leading up to the bond issue, though not admitting legal responsibility for such verification. They satisfy themselves that the issuing corporation actually owns property which may be mortgaged (but do not attempt to pass upon the value of such property); that the title to the property is good; that the company has been properly incorporated and that its acts leading up to the bond issue have been legal; that the mortgage is properly drawn, contains no glaring faults and actually covers the property which it purports to mortgage. If it is stated in the bonds that the mortgage is a first mortgage, they take pains to ascertain that such is the fact.

Between the extremes there are companies which assume varying degrees of moral responsibility. Those who incline to put considerable stress upon the matter of the moral responsibility point to the fact that, however unjustified it may be in so doing, the public does actually attach a great deal of importance to the trustee's certificate, and that the certificate of a reputable trustee is a prerequisite to the satisfactory financing of a bond issue. It is a frequent occurrence for the bond seller to clinch his argument with the statement that the Blank Trust Company, a reputable concern, is trustee for the issue. Some companies, in their advertisements for this kind of business, point to the advantages, other than the identification of the bonds, gained by their trusteeship. For example, a large Eastern company says in a circular, "It adds very largely to the value of bonds issued by any corporation, that the proposed purchaser knows that the trustee named in the mortgage, which secures the payment of the bond he intends to buy, is a responsible corporation, which before assuming to act has through its counsel investigated the forms of the bond and mortgage and determined the validity of the proceedings of the corporation which issued them. This relieves him from the necessity and expense of making such an investigation himself, and he is only obliged to determine in regard to the business value of the security itself."

While opinions differ greatly, as already stated, the tendency appears to be towards greater care in accepting appointments as trustee under a bond issue. "In recent years the trust companies have shown a tendency, when acting as mortgage trustees, to recognize a greater moral responsibility than they at first were willing to bear. * * * A trust company which should now allow the issue of unsecured bonds because of some glaring defect in the language of the mortgage, would no longer be morally excused by financial opinion, though perhaps held technically innocent."‡

It would seem to be to the interest of all concerned that the trustee's compensation be made large enough to enable it, not to guarantee the validity of the mortgage, but to be responsible for ordinary care in ascertaining that the mortgage has been regularly issued by a properly incorporated company, is a lien on property to which that company holds clear title, and contains reasonable provisions for the protection of bondholders—in short, perform for the bondholders the services which the careful investor might expect of his lawyer, leaving to the bondholders the risk as to the business success of the undertaking, together, of course, with the risk of legal defects in the instruments which ordinary care on the part of the trustee has not detected. Such a course would not only be a protection to the investor, but would add more than its cost to the value of the bonds, and would compensate the trustee for the taking of a moral

‡ Thomas L. Greene, "Corporation Finance," pp. 59, 60.

risk for which under present conditions it certainly is not paid, but the taking of which many think it cannot wholly avoid.§

The Payment of Coupons.

As agent for the payment of coupons, either in connection with a bond trusteeship or independently thereof, the trust company receives in advance a remittance equal to the total amount of the coupons due and payable at the next interest period. At and after maturity it pays the coupons as presented, preferably by check, though they are paid in cash when necessary.

Although coupons are payable to bearer, record is made of the names of the persons who present them at the counter, and of the names of the banks who present them through the clearing-house. Separate accounts are kept of the coupons of each interest period, and a record is kept of the numbers of the bonds from which the coupons are cut. The paid coupons are cancelled by the punching of holes in them, and are filed away by bond numbers. At stated intervals—sometimes once a month—these cancelled coupons are returned to the issuing corporation, which receipts for them. Statements of the accounts are sent at suitable intervals. Often the coupons are payable at the office of the trustee of the bond issue and also at the office of a fiscal agency in New York, Chicago or other large center. Ordinarily the duties and liabilities are clearly defined, but the default of the issuing corporation may involve the trustee in perplexing problems. One of these, which is as yet not fully decided by the courts, is whether funds remitted for the payment of coupons are to be considered a trust fund for the coupon holders, or as a part of the general assets of the corporation. The question does not, of course, affect coupon funds derived from particular sources whose revenues have been set aside for the payment of coupons. Other problems which may arise are the question of priority between coupons and principal when a mortgage is foreclosed, the question as to whether defaulted coupons should bear interest, and the question of missing coupons when the corporation wishes to have the mortgage discharged.

The work of paying interest on registered bonds differs from that of paying coupons chiefly in that the interest is remitted to the security holders instead of being held subject to their call. The fiscal agent is supplied with the necessary funds, and, unless it is itself the registrar of

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§ For detailed discussions of this subject, see

Proceedings Trust Company Section 1896-1903, pp. 17-25, Paper by Francis S. Bangs; pp. 44-46, Paper by William A. Carr; pp. 221-227, Paper by Andrew Squire.

Proceedings Trust Company Section 1904 pp. 73-88, passim. Discussion of topic "Fees for Trust Company Work."

Proceedings Trust Company Section 1905, pp. 7-9. Report of Executive Committee.

"Trust Companies" magazine, Vol. I, pp. 279-282, article by William J. Field.

"Trust Companies" magazine, Vol. II, pp. 634-635, article by John H. Connellan.

The "Banking Law Journal," Vol. XXI, p. 841, Decision New York Supreme Court.

the bonds, with a list of the registered bondholders, their holdings and addresses. A check for the amount of his interest is mailed to each registered bondholder.

Trust companies act in a number of other capacities as fiscal agent for corporations, either receiving or disbursing funds, or both. The exact duties involved are of course as varied as the kinds of agency, but are usually pretty well defined by the contracts; while the liabilities are determined by the ordinary laws of agency.

Escrows.

In its simplest and most common form an escrow is a deed placed by the grantor in the hands of a third party, to be delivered to the grantee upon the fulfillment by the latter of certain specified conditions. Instruments other than deeds may be placed in escrow; as, for example, a mortgage or a note, but it must be an obligatory instrument or an instrument under seal. In addition to escrows in the strict legal sense, however, trust companies are often made depositaries of various things of value which are to be held for delivery under conditions such that they may be considered informal kinds of escrows.

To be strictly an escrow the delivery of the instrument by the grantor to the third party must be absolute, beyond power of recall, and its delivery to the grantee conditioned only upon the performance by him of his part of the contract. Having performed the conditions, the grantee may if necessary compel the delivery of the instrument; and the death of either party will not void the contract or prevent delivery. In fact, it is held that an escrow, upon performance of the conditions, becomes an absolute conveyance or grant even if the instrument itself is not delivered by the holder. Hence if A leaves with a trust company a deed with instructions that it is to be held and later to be turned over to B upon A's order, the instrument is not an escrow, for its delivery is not dependent upon conditions to be fulfilled by B, and the company is not acting as the holder of an escrow, but merely as the agent of A.

The duty of the holder of an escrow is to deliver the instrument to the grantee upon his performance of his part of the contract, or to withhold the instrument if the contract be not fulfilled; the one obligation being as important as the other. The holder's liability is measured by the degree of his faithfulness to such duty. If he wrongfully deliver the instrument when the conditions are unfulfilled, he may be liable to the grantor; while upon fulfillment of the conditions, the grantee may compel delivery. It is evident, therefore, that a trust company in undertaking the holding of an escrow should be sure that the contract is clear and definite and is thoroughly understood by both parties. While an oral contract may in some cases be legal, the only safe rule is to have the contract in writing and signed by both parties. Particular care should be taken by the trust company to avoid accepting an escrow whose conditions are so vague that question may arise as to whether they have been fulfilled, putting the holder in the position of an arbiter of a question whose decision might be a matter of doubt. The holder might then find himself in a very unenviable position, liable to prosecution by either party; or, if not legally liable, at least incurring the ill-will of one or both of the parties.

Depositary Under Plans of Reorganization.

A common function of trust companies, especially in the larger cities, is that of acting as depositary of securities when a corporation is to be reorganized or when two or more corporations are to be consolidated—the procedure being practically the same in the two cases. Here the depositary is practically the holder of escrows. In the case of a reorganization, the reorganization committee details in writing the plan proposed, and the security holder, by the act of depositing his securities, enters into the contract. Upon receipt of the securities the depositary issues temporary receipts, which are later replaced by engraved and negotiable certificates of deposit, after the depositary has had time to examine the securities to make sure that they are genuine and are "good deliveries." The exact wording of the certificates varies according to the conditions, but there is an exact description of the documents deposited, a reference to the agreement under which the deposit is made, a statement that the depositor assents to the agreement and that the depositary holds the securities subject to the provisions of such agreement. Each lot of securities as deposited is given an accession number corresponding to the number of the temporary receipt, and is filed away to await the progress of the reorganization. Whenever assessments are to be paid by or distributions are to be made to the depositors, the certificates are presented and endorsements of the transactions are made thereon. After the reorganization is complete and the new securities are engraved and ready for delivery, the depositors bring in their certificates of deposit and receive their proper share of the new securities.

(*To be continued.*)

TRUST COMPANY SECTION AMERICAN BANKERS' ASSOCIATION.

THE annual meeting of the Trust Company Section of the American Bankers' Association was held at the Marlborough-Blenheim Hotel, Atlantic City, N. J., September 24. A. A. Jackson, chairman of the executive committee made a report in which he said:

"The Section is to be congratulated upon the strength of its membership. Out of an aggregate of approximately fourteen hundred companies using the word Trust in their title, eight hundred and forty-six, or about sixty per cent., are members of this Section, and of the total resources of all these fourteen hundred companies amounting to approximately $4,500,000,000, your membership of eight hundred and forty-six companies represents about $3,300,000,000 of resources; that is to say, our membership of sixty per cent. of all the Trust Companies in the country owns over seventy-three per cent. of the total assets of all these companies."

After the reading of reports by the several committees and the state vice-presidents, there were a number of addresses. John T. Woodruff, president of the Springfield (Mo.) Trust Company, spoke on "The Utility of the Country Trust Company;" Ex-Postmaster-General Charles Emory Smith spoke on general topics of current interest in the financial and business world; E. D. Fisher, secretary of the Flatbush Trust Company, Brooklyn, N. Y., presented an interesting and valuable paper on "New Methods of Advertising and Their Results." This paper is published in the Publicity Department of this issue of the MAGAZINE. Roland L. Taylor, vice-president of the Philadelphia Trust, Safe Deposit and Insurance Company, made an address, in the course of which he said:

"Based on the experience and practice of our best companies, I do not hesitate to say that conservative judgment demands the absolute and unequivocal separation of trust business from practically all other lines, and especially from any promotion or financing—no matter how legitimate or well-considered—that would, or might, lead to a suspicion that 'trust funds' were being used to further these purposes.

The best way to secure trust estates for your company—in fact, the only way— is to so conduct your business as to gain the entire confidence of your clientele and the community generally in which you live. The best interest of the client is, in the long run, undoubtedly the best interest of the trustee.

Trust business cannot be too rigidly separated from other business, or other departments of your business, not only because it is, ethically, inherently right to do, but because of the sentimental effect it has upon the public mind, and sentiment is just as potent—sometimes more potent—than material fact in the upbuilding of business. He who neglects the sentimental side of human nature misses many a good opportunity.

Further, I take it that the upbuilding of the company's business, next to the rendering of good service to the company's patrons, is the duty of every trust company official. Failure to recognize this point and live up to it means failure to look after the best interests of your corporation and its stockholders. Again, it is to the disadvantage of the patron as well—for it is the large volume of business that makes possible the low charge for management. An individual trustee, having even a few millions in his charge, could not exist on the conpensation based on the present low rates. I have no doubt that for this reason the very moderate schedule established by law in New York has greatly added to the volume of trust business coming into the hands of the companies in that state, as contradistinguished from the individual trustee.

The trust department should stand as clear of all else as if it were a separate company. The accounts should be kept entirely distinct from the company's own system; its securities should be carefully segregated and ear-marked; the bank account should be separate and apart from all other funds and good practice usually demands that it be kept elsewhere than in the banking department of one's own company.

A striking example of the value of this complete separation is afforded by the deplorable failure of The Real Estate Company of Philadelphia, which occurred just prior to the last convention, and was

PHILIP S. BABCOCK,
President Trust Company Section American Bankers' Association;
Vice-President Trust Company of America, New York City.

referred to by the then President of this Section in his address. In that case, while the company was looted of capital, surplus and deposits, the securities of the trust department, amounting to upwards of twenty-six millions of dollars, remained absolutely intact. The rain descended, and the floods came, and the winds blew, and beat upon that company, and the trust department fell not, for it was founded upon a rock—the rock of separation. Furthermore, the trust department founded upon that rock was the pivotal structure around which that company was rebuilt. Gentlemen, a more powerful or convincing argument than this illustration cannot be framed. As an object lesson, its value is greater than volumes of discussion."

Philip S. Babcock, vice-president of the Trust Company of America, New York city, was elected president of the Section, and A. A. Jackson of Philadelphia, vice-president. Five new members of the executive committee were chosen as follows:

Uzal H. McCarter, president Fidelity Trust Company, Newark, New Jersey; Hamilton A. S. Post, vice-president Mercantile Trust Company, Baltimore, Md.; Arthur Adams, vice-president City Trust Company, Boston, Mass.; H. G. Lloyd, president Commercial Trust Co., Philadelphia; L. L. Gillespie, vice-president Equitable Trust Company, New York.

GERMAN BANK CHECKS.

CONSIDERING the progress made in Germany during the last two or three decades in all matters of commerce and industry, it is a remarkable fact that the system of making and receiving payments by check so well developed in the United States and in other countries, is little known. A comparatively small percentage of leading merchants and others in the largest cities of the German Empire use this convenient method of financial settlements. In smaller towns payments are usually in gold, silver or paper currency. Remittances from one part of the Empire to another can be made by money order up to the limit of 800 marks, or $190.40; amounts beyond that sum must be sent in money letters or packages.

How the German public regards payments by check is demonstrated by the fact that during last year the world's trade of Germany required a circulation of gold and currency to the extent of 44 per cent. of the total sum involved. The German Government pays out annually for salaries to officials the sum of 880,000,000 marks, or $211,344,000, in cash. Considering that a proportionate sum must be withdrawn from circulation and stored away for several days every month, and that it will only gradually be returned to circulation during the next month by the payments made by such officers, it can readily be seen what advantage would accrue to the money market if such amounts were disbursed by checks.

The principal objection to the check system is that there are no laws governing the issuance and circulation of the check. Upon the earnest solicitation of financial experts and progressive merchants the Government has now prepared the outline of a bill which is to be submitted to the next Reichstag. The proposed law is supposed to meet all demands, also to assure positive protection to the maker as well as to the holder of a check. In order to make it acceptable to the majority of the people the bill provides for entire freedom from taxation. It is hoped that the passage of such a law will make the system of paying by checks more popular.

SAVINGS BANKS

SAVINGS BANK SECTION OF THE AMERICAN BANKERS' ASSOCIATION.

THE Savings Bank Section of the American Bankers' Association met in annual convention at Atlantic City, N. J., September 24, G. Byron Latimer presiding. After the address of welcome, President Latimer made the following address:

President Latimer's Address.

To the Members of the Savings Bank Section, American Bankers' Association:

Since the last convention, your executive committee have held three meetings—October 16 and 17, 1906, and May 6, 1907.

We have received an appropriation of $4,500 for expenses of the Section, which have been very heavy on account of the large number of circulars and letters sent to members of the Section, and non-member banks throughout the country. To very many of these we have had replies, and I think the increase in our membership can be traced to a great extent through this medium. As auditing committee, appointed at the last executive committee meeting, I wish to report having audited the financial accounts of the Secretary and found them correct in every particular. The secretary, himself, will make you a full report of our receipts and disbursements since the last convention, and the amount to the credit of the section at this time. Our membership has increased from 1,033, in October last, to 1,224 at the present time, and I trust that it will reach the 1,500 mark before the end of this year.

Much of this increase can be directly traced to the untiring efforts of our worthy secretary, and some of our state vice-presidents.

The committee on joint accounts have made a complete report of their deliberations, which we have thought wise to have printed and sent to you a few days before this convention. The committee on auditing of savings banks have also made a very satisfactory report, which has also been printed and distributed, as above.

I hope the members will take both of these reports home and carefully study their contents, as much good can be derived from the suggestions contained in them.

I trust that you will see fit to elect or re-elect a committee on auditing of savings banks for the coming year. While their present report is a particularly good one, I think there should be a continuous, or standing committee of that character, to whom could be referred all inquiries regarding the subjects embraced in their report, thus enabling our members to keep in touch with all modern methods of banking and auditing.

We will now proceed with the regular order of business.

At the conclusion of this address, the report of the committee on printed forms was presented, and then Wm. Hanhart, Secretary of the

LUCIUS TETER.
President Savings Bank Section American Bankers' Association.
(Vice-President Chicago Savings Bank and Trust Company.)

Savings Bank Section, gave the following account of the year's transactions:

SECRETARY'S ANNUAL REPORT.

To the President and Members of the Savings Bank Section of the American Bankers' Association:

Gentlemen—The total membership of the Savings Bank Section a year ago was 1,033 members. Since that date 64 members have left the association, owing to mergers, withdrawals, etc., and 255 new members have joined the section, making the total membership this day 1,224, and showing a net increase in our membership of 189 members. This net result, while showing a considerable increase, is not commensurate with the amount of work done by your officers. I may say to you that during the past fiscal year some 12,000 letters were sent to banks not members of the American Bankers' Association, not members of our section, some 2,000 letters were sent to savings banks throughout the country not affiliated with the American Bankers' Association, and from three to four thousand letters were mailed to our members. The net result of all this correspondence, not to speak of personal solicitation, should show a larger increase in our membership. This section should have at least 1,500 members, and I take the liberty of requesting each and every member of the Association to use his utmost efforts in obtaining new members. The larger our membership, the greater will be our success along the lines of our work. Let each member present write to such friends and neighboring banks, not members of the Association, urging them to join the association, and thus contribute to, as well as enjoy, the benefits of our practical and educational work.

Appropriations amounting to $4,500 were made last year by the Executive Council towards the expenses of our section. The following were our expenditures:

Stationery and printing	$340.25
Postage	340.00
Stenography and typewriting	576.00
Rent	300.00
Expenses of executive committee	332.68
Expenses of committee on joint accounts	97.00
Expenses of committee on auditing	92.63
Convention expenses	239.23
Salary of secretary	1,200.00
Book of proceedings	613.23
Stationery for vice-presidents	30.47
Sundries	56.50
Total	$4,217.99

The executive committee have audited and approved all the above payments and a special committee has audited all the books of the Secretary.

The above statement of expenditures does not include the special account kept for the book of printed forms. This will form the subject of a separate report.

You will have observed, in the circular sent you, a call for printed advertising matter. Many requests have been received at this office for advertising matter suitable for savings banks; at our convention in Washington two years ago, a fair display of advertising was made; it is now proposed to make as complete a collection as possible of all kinds of advertising matter issued by the savings banks of the United States, and I would ask all of you gentlemen to please send me duplicate sets, not only of the advertising matter that you are using at present, but from time to time of any newly issued advertising matter of your bank. I shall endeavor to divide all that you will send me, and compile it in registers which will be kept in the New York office for the inspection of our members. As regards the reproduction of such, it may possibly be found practicable to make up a book somewhat similar to the book of printed forms, which has met with such favorable reception from the savings bank fraternity, but it is not possible to say anything definite on this subject until careful consideration be given to the matter. For the present, I will frankly say that I hardly see my way to make such publication in a practical form, but I shall do my best and shall be greatly obliged for practical suggestions from our members.

The next item on the programme was the report of the committee on trust accounts and joint accounts, and as this is a matter of considerable interest to the savings banks of the country, the report is presented in full below:

Report of Committee on Trust Accounts and Joint Accounts.

To the President and Members of the Savings Bank Section of the American Bankers' Association:

Gentlemen—In pursuance of your instructions given at our meeting in St. Louis on October 16th, 1906, your committee addressed a letter of inquiry to each of the twenty-six vice-presidents of the Savings Bank Section, asking him to obtain from the officers and legal advisers of the savings banks in his state answers to the following questions:

First—When a deposit is made in a savings bank in your state by a trustee, and by the written direction of such trustee payment is made either during his lifetime or after his death to the beneficiary, will a receipt signed by the beneficiary duly acquit the bank?

Second—If an account be opened in a savings bank by two persons in the names of both, who at the time the account is opened agree in writing with the bank that the money then and thereafter deposited in such account and all interest or dividends thereon shall be payable to either or to the survivor and that the receipt or acquittance of the person so paid shall be a valid and sufficient release and discharge of the bank for any payment so made, will not such agreement and payment protect the bank, unless prior to the payment the bank be notified of an adverse claim?

Third—In your opinion, is legislation in your state necessary or desirable on these subjects for the protection of savings banks?

One vice-president declined to act. We received replies from fifteen others who were diligent in the endeavors to obtain answers to our inquiries and were most helpful in enabling us to reach our conclusions.

In addition to the ten states the vice-presidents of which have failed to answer, we find in some of the fifteen states whose vice-presidents did answer that there is considerable indifference on the subject among the banks; some of them replied, merely saying in effect: "We do not take trust accounts or joint accounts and do not intend to do so."

The savings banks of Wisconsin, Massachusetts, and Iowa seemed to exhibit a very general interest in the subject and your committee have obtained opinions and information from practically all the banks in these three states.

The answers show considerable divergence in the practice of the banks, not only among the several states, but in the same state; and also the opinions of the attorneys were not in entire accord in the several states or in the same state. A very large majority, however, answered the first two questions "yes" and the third "no."

In a number of instances where the answers to the first and second questions were "no," the discussion of the subject assumed a wide range and seemed to lose sight of the primary object which the Savings Bank Section has in view in its present undertaking.

The section has no desire to change the laws of inheritance or to enable a depositor to evade the laws regulating the distribution of, or imposing a tax upon, the estates of the dead, and most certainly does not desire to enable him to commit a fraud upon his creditors, as intimated by one banker in his answer.

The object is primarily to protect the bank in the payment of a deposit to the person to whom the depositor at the time of making the deposit directs the payment thereof to be made.

After a careful examination of the subject and after a consideration of the legal opinions of the various attorneys for the savings banks throughout the country, your committee believe that the consensus of opinion is that except in a state where the statute law or a judicial decision provides or decides differently, a savings bank, acting in conformity to its by-laws, will be protected where the accounts are opened in the following manner, the form to be signed by the depositor or depositors in each case:

First—Trust Accounts:

"The Section Savings Bank will open Account Number. . . . . . in my name as Trustee for. . . . .
whose residence is . . . .
and will pay all moneys deposited in said Account and all interest and dividends thereon to me during my lifetime, and at my death to said . . . ., whose receipt shall duly acquit said Bank.

"There are no other terms or limitations to this trust."

Your committee are well aware of the principle of law discussed in several of the answers to our questions, viz.: that no trustee can violate the terms of a trust by directing payment of the money to a person or for a purpose not authorized by the instrument of writing or paramount authority under which he acts; nor where the powers of the trustee are by the terms of the trust limited to the lifetime of the trustee can he execute a valid warrant of attorney to a person to draw on the deposit after the death of the trustee; but the situation for which we are attempting to provide is what may be called a *Voluntary Trust* created by the trustee himself.

The trustee being the donor of money retains the legal title thereto during his lifetime, but says in effect when making the deposit that at his death the trust terminates and the beneficiary takes absolute title to the money free from any claim of the trustee's executors or administrators for the cost and expense of administration of the trust, or for advancements.

This seems to be settled by judicial decision in New York and Massachusetts.

SECOND—JOINT OR TWO-NAME ACCOUNTS:

> "The Section Savings Bank will open Account Number ...... in our joint names. All moneys now or hereafter deposited in said account and interest and dividends thereon are our joint property; and the receipt of either for moneys drawn from said account, whether the other be living or not, shall be due acquittance to said bank.
>
> ....
> ...."

Your committee are also aware of the well-settled principle of law that one person cannot ordinarily grant to another a naked power to collect the money of the grantor after the death of the grantor; nor can he, under the guise of a joint account, make a will which will remove his estate from the jurisdiction of the probate court; and if a bank knowingly assists a depositor in any of these improper undertakings it will be liable.

Some few of the answers received by your committee display a fear on the part of the banker that some trouble, and possibly some expense, may be incurred by the bank as the result of litigation concerning an account opened in one or the other of these methods. This may be so, but in the opinion of your committee it is not more likely to occur than in numberless other cases where questions have arisen and will continue to arise regarding the ownership of money deposited in a bank which is claimed by some person other than the depositor.

It goes without saying that if the bank has sufficient notice of an adverse claim no payment should be made until the rights of the parties are settled.

Your committee are aware that in most states technical estates in joint tenancy with the right of survivorship have been abolished, but the method of procedure recommended by your committee for the opening of joint accounts does not constitute a technical joint tenancy. It is an agreement of the parties concerning the payment of what they inform the bank is their joint property which is not affected by any of the statutes so far as they have been called to the attention of your committee.

We expressly recommend, however, that no bank act upon our opinion without first submitting the matter to its local legal adviser.

THIRD—TRANSFER OF BANK ACCOUNTS:

Although this matter is not strictly within the scope of the resolution under which your committee was appointed, yet in view of its importance and of the fact that it is connected with the matter of trust accounts, your committee think it not out of place to impress upon the officers of savings banks the danger of permitting the transfer of trust accounts on the books of the bank unless it be done under decree of court. The only safe method for the bank is to pay the money to the proper party and take his receipt.

SUGGESTED LEGISLATION:

If in any state doubt exists with regard to the propriety of opening either trust or joint accounts in the manner suggested by your committee, they recommend that measures be adopted in such state to have enacted the following laws.

First—Wherever a deposit in a bank is made in trust, the name and residence of the person for whom it is made, or the purpose for which the trust is created, shall be disclosed in writing to the bank and the deposit shall be credited to the depositor as trustee for such person or purpose; and if no other notice of the existence and terms of a trust has been given in writing to the corporation, the deposit, with the interest thereon, may, in the event of the death of the trustee, be paid to the person for whom such deposit was made, or to his legal representative.

Second—When a deposit in a bank has been made or shall hereafter be made in the name of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or interest or dividends thereon, may be paid to either of said persons, whether the other be living or not, and the receipt and acquittance of the person so paid shall be a valid and sufficient release and discharge to the bank for any payment so made.

The first substantially has been enacted in Maine and the second in New Jersey; and similar statutes were pending or have been passed in the states of Washington, Oregon, Minnesota, Michigan and Wisconsin.

A statute regulating two-name accounts has recently become a law in the State of New York. Your committee are of the opinion that the wording of the New Jersey statute, as given above, contains all that is necessary for the protection of the bank, and is preferable to the New York statute, a copy of which is hereto appended.

By direction of your executive committee this report has been prepared for circulation among the members prior to the next annual meeting of the Savings Bank Section.

Respectfully submitted,
GEORGE C. BURGWIN, Chairman.
WM. R. CREER.
JOHN F. FLACK.

Pittsburgh, Pa., July 31st, 1907.

CHAPTER 247, LAWS OF NEW YORK, 1907.

AN ACT to amend the Banking Law relative to the payment of deposits in savings banks in the names of more than one person. Became a law April 30th, 1907, with the approval of the Governor. Passed, three-fifths being present.

The people of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section one hundred and fourteen of chapter six hundred and eighty-nine of the laws of eighteen hundred and ninety-two, entitled

"An act in relation to banking corporations," is hereby amended to read as follows:

Section 114. *Deposits of minors, and trust deposits and deposits in the names of more than one person.* When any deposit shall be made by or in the name of any minor, the same shall be held for the exclusive right and benefit of such depositor, and free from the control or lien of all other persons, except creditors, and shall be paid, together with the dividends and interest thereon to the person in whose name the deposit shall have been made, and the receipt or acquittance of such minor shall be a valid and sufficient release and discharge for such deposit or any part thereof, to the corporation. When any deposit shall be made by any person in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given in writing to the bank, in the event of the death of the trustee, the same, or any part thereof, together with the dividends or interest thereon, may be paid to the person for whom the deposit was made. When a deposit shall be made by any person in the names of such depositor and another person and in form to be paid to either or the survivor of them such deposit thereupon and any additions thereto made by either of such persons, upon the making thereof, shall become the property of such persons as joint tenants, and the same, together with all interest thereon, shall be held for the exclusive use of the persons so named, and may be paid to either during the lifetime of both or to the survivor after the death of one of them and such payment and the receipt or acquittance of the one to whom such payment is made shall be a valid and sufficient release and discharge to said bank for all payments made on account of such deposit prior to receipt by said bank of notice in writing not to pay such deposit in accordance with the terms thereof.

Section 2. This act shall take effect immediately.

A paper on "Savings Departments in National Banks" was read by William Hanhart of New York and another on "Uniform Laws for Savings Banks in the Various States," by Wm. R. Creer, Secretary Cleveland Savings and Loan Company, Cleveland, Ohio. The committee on auditing of savings banks then made the following report:

Report of Committee on Auditing of Savings Banks.

To the President and Members of the Savings Bank Section of the American Bankers' Association:

In pursuance to a resolution adopted at the last Convention held on the 16th of October, 1906, in St. Louis, this committee, appointed by the president of the section, begs to report that it has held several meetings where the matter of the auditing of savings banks was carefully gone into; for the purpose of getting information on a number of items included in our report, we have also addressed many progressive savings banks, irrespective of size, throughout the country, sending them a list of questions on the different subjects, asking their opinion thereon, and how they handled such matters in their own banks. Many responses were received and we will frequently refer to them in the following report.

The question involved is, as we take it, how to make savings banks safe from within as well as from without, and the whole matter of auditing, for the purpose of convenience and clearness, may be divided broadly into two parts:

1. How the individual records of the bank should be kept so as to secure the accuracy of the general books.

2. What auditing is desirable to prove the accuracy of the books and pass books of the bank.

The different methods of organization of the savings banks in this country make the adoption of a uniform system of auditing and book-keeping a very difficult, and probably an impossible, matter. Most of the mutual Eastern savings banks are practically only investment institutions for the benefit of depositors, others are capitalized and do also a general business, others again exist as departments of national and state banks and trust companies. Thus their manner of doing and handling business necessarily must differ considerably and their records and audits are by no means alike. There is, however, an underlying similarity in such special matters which applies to all of them. For instance, they all handle a much larger number of accounts than the regular commercial banks; their depositors are usually not personally known to the officers, as is the case with the other banks; they allow interest, as a rule, at stated times only, and the pass books are required to be presented at the time of transaction for the receipts and payments to be entered therein. On account of the greater number of depositors, trial balances are lengthy and somewhat difficult, and the agreement between the total amount due depositors as shown in the general ledger of the bank, and the aggregated totals of the individual ledgers or cards, is not always attained. As regards this latter matter of agreement, we would say that a great improvement has been made during the past decade in the methods used for the purpose, and at the present time we are informed that nearly all the large savings banks show absolute accuracy in their trial balances of individual accounts. We need hardly say that this should be the requirement in all savings banks; an error of a few cents or a few dollars, remaining undiscovered, may hide discrepancies of much larger amounts, and it should be the aim of every well managed savings bank to secure accurate trial balances by adopting such a system as will, as far as possible, prevent mistakes, or, when made, detect them within a short time.

We have endeavored to cover the whole subject in a general way only; it must be considered that in addition to the different methods of business of savings banks, there is also the matter of the size of the bank. Methods that may be considered necessary for the large savings bank would prove too costly and perhaps undesirable or unnecessary for the smaller banks; yet careful savings bank officials have to consider the subject in all its phases. Many of the smaller banks are growing rapidly, and it is a serious matter for them to change their system, because of the increasing number of their depositors. As a rule, it is well for a savings bank to establish, from the earliest possible moment, a correct system capable of unlimited expansion; this will prove less costly than the making of such changes as will become necessary when, sooner or later, the increase of business demands it. We have discussed the whole matter only with regard to the first principles of convenience and safety, and it must, therefore be understood that our recommendations are made in a general way only and may not always be applicable to every bank; but we believe the general principles to be correct, and in accordance with the ideas and practice of the most progressive savings banks in the United States. We will now take up some of the different subjects seriatim, beginning with the methods of securing accuracy and making proofs in the daily records, and then considering the general auditing of the books of the bank.

Coupon System of Posting.

The coupon or reverse posting system was introduced many years ago in some of the large savings banks of New York City for the purpose of checking and proving the posting of drafts and deposits on the individual ledgers, and there can be no question as to its usefulness for the purpose mentioned.

Colonel Sprague in his address delivered before the St. Louis convention in October last, entitled "The Evolution of the Depositors' Ledger," described this system in the following manner, and perhaps we cannot do better than to quote some of his words:

"Still more change has taken place in the methods of posting. Almost universally the original tickets are used for the source of the entries. The old deposit and draft books so far as they served as a standard for balancing the cash are replaced by lists of amounts without number or name, rapidly written up by machine from the tickets. In some large institutions these lists are still made in handwriting, but are sectional lists which serve for the further purpose of a test of the posting. They contain the number and name, also two money columns, the furthest of which is alone filled and at the close of the day is torn off and retained by the teller. After the section has been posted from the tickets, the two skeleton lists for that section, one containing the deposits and one the drafts for that particular section, are taken in hand for the purpose of verifying the postings. Turning to the respective accounts, the amount there found is copied off into the proper line of the list; when this has been done in every case and all the lines added up, the total of each agrees with the total of the portion retained by the teller. If it does not agree, the error is quickly located by placing the torn off strip opposite to where it was torn from.

"This method insures the accuracy of the posting, but not necessarily that of the balance. It is vitally important that the balance should be correct, more important than that the transactions should be correctly posted."

In answer to our inquiries, we find that although some banks know nothing of this system, many banks are using it, the greater number taking off the balance, or the differences of the balances, as well as the transactions, thus making sure that not only the proper transaction has been entered in the ledger but also that the balance reported in the balance column is correct.

The committee is of the opinion that this system may with advantage be adopted by all savings banks having over 2,500 accounts and where more than two clerks are employed.

Should any bank not thoroughly understand the method, we will be pleased, on request, to give whatever explanation it may desire and furnish specimen sheets to serve as a guide in adopting the system; two sheets are used for each ledger or section, one for deposits and the other for withdrawals; the totals of the withdrawal sheets, and of the deposit sheets, represent the transactions of the day and may serve the purpose of a cash book. Entries in these sheets should be made preferably from the pass book only.

Large banks (say with 10,000 accounts or over) should keep an account current for every ledger or section, crediting and debiting each ledger or section with daily withdrawals and deposits (the coupon system supplies these items properly divided) also debiting it with interest as credited on the accounts; the coupon system may be used for proving the postings of interest also.

This gives a fair method of dividing up the total number of accounts into comparatively small sections, and will make the work of proving trial balances much easier, as it limits the search for errors to a reasonable number of accounts.

Posting in Individual Ledgers or Cards.

The method of making draft and deposit slips or tickets when paying and receiving money, these tickets to be used by bookkeepers for posting in ledgers, is almost universal. Many banks use the checks drawn upon them as tickets for withdrawals and there seems to be no objection to this. These drafts and deposit tickets are handed to the bookkeepers for posting in the ledgers; at the close of the day, after all the posting is done, the tickets are filed away and kept securely for future possible reference.

The committee recommends to all savings banks, when practicable, the use of slips or tickets of convenient size to be made out by the teller or depositor at the time of receiving or paying; the deposit slip to mention the date, number, name, amount, and also description of the deposit when desired; the draft, or withdrawal ticket, to contain in addition the signature of the depositor, being a receipt to the bank.

Card System for Ledgers.

There are many points in favor of the use of cards or loose leaf ledgers in preference to the old-fashioned bound book, as for instance:

1. Their great convenience in taking trial balances.
2. Their compactness, requiring little room.
3. The ease in posting daily transactions.
4. The elimination of all closed accounts, giving only the open accounts to handle and search through when looking for a given account.

The committee, however, realizes that, in the interest of conservatism, many bank officers are opposed to the system, and we would advise a thorough examination into the whole matter before deciding to make a change from books to cards; we would also advise writing to some of the large banks now using cards for their experience and results; our replies from such have been uniformly satisfactory and even enthusiastic.

As regards the danger of losing cards, our inquiries tend to show that this is but illusory. Experience has proven that no loss of cards has really been made; it is possible, however, that cards be misplaced and temporarily missing, and as regards this a very simple method will enable one to duplicate a missing card in a short time by observing the following directions: Draft and deposit tickets, after being used for posting, should be filed away seriatim, according to their numbers; this requires but little daily additional work; should a card be misplaced, a duplicate card may be made for that account by starting with a deposit in accordance with the last trial balance, and posting to it the drafts and deposits made since that date, as will be readily found when the draft and deposit tickets are filed seriatim as above. A duplicate card can thus be made up accurately within a very short time.

Ledger accounts, whether kept in books or cards, should be ruled and headed so as to practically be duplicates of the pass book.

A balance column will be found desirable in addition to draft and deposit columns, for the pass book and card ledger as well as for the loose leaf book or for the book ledger; it is undoubtedly a great improvement on the old-fashioned debit and credit column. It checks mistakes, prevents overdrafts, supplies ready-made balances, which may be consulted and compared at all times, and is of the greatest value when taking trial balances.

Card System.

The card system for all bank work may be found advisable, we think, except in the case of the books of general account. The system is now generally used in the very great majority of savings banks throughout this country for signatures and index purposes, and may also be, and by many is, advantageously used for all records of loans, mortgage loans, fire insurance, etc., etc.

The committee recommends the use of cards or loose-leaf books, whenever practicable. A few banks having ledger cards take the depositors' signature at the head of these cards; for comparatively small banks, this may prove useful, in so far that the bookkeeper when posting withdrawal tickets will naturally compare the signatures, which will have a tendency to prevent posting to wrong accounts, and it may also prevent the possible fabrication of a fraudulent card.

Adding Machines.

We find the use of these machines pretty nearly universal by the banks to whom we sent inquiries. They are considered a necessity by many, having the advantage of speed, accuracy, neatness and economy. Nothing can be compared with them for the purpose of taking trial balances, especially for taking such balances at odd times. Of course, the size of the bank must determine this question, as these machines are expensive, but we should say that most banks with 5,000 accounts and over could use some kind of adding machine to advantage.

Referring to the use of adding machines or other machinery, the committee has received the following letter from Colonel Sprague, a former president of the Savings Bank Section; the mechanism used by him is very ingenious and its description will no doubt prove of interest to our members:

The Committee on Auditing and Accounting Methods of the Savings Bank Section:

Dear Sirs—In reference to the question of an efficient check on the liabilities of a savings bank, which is the most difficult of the problems confronting us, I would call your attention to the double-entry mechanism in use in the Union Dime Savings Institution, treating it more extensively than I could in the blank submitted.

Its object is to insure that the amounts entered in the pass books shall be identical with those entered in the books of the banks in amount and in total. Embezzlement in savings banks is almost invariably accomplished by entering in the pass book a correct amount but accounting to the bank for only a part or none.

The mechanism in question prints the amount of the transaction, with date, in the pass book; and simultaneously prints on a tape within the machine the same amount without a possibility of variation, and also the number of the account. As an additional safeguard it displays, through glass, a total register, increasing at each transaction. The total indicated by this register, minus the total at the beginning of the day, represents the day's transactions. For this amount the teller is responsible and he is charged therewith in triplicate: 1. The debit entry in the pass book, which the depositor may be trusted to verify. 2. The entries on the tape, which when cut out and pasted in a book forms a journal of the amounts to be credited each depositor's account. 3. By the total over which the teller has no control and which must be corroborated by the bookkeeper's work.

Thus without the loss of a second's time, a mechanical check is imposed upon the teller's accuracy and honesty, and that by an inanimate machine incapable of corruption or conspiracy. All methods wherein a second clerk is brought in to check the work by comparison, re-recording or otherwise are subject to two defects, loss of time and the possibility of collusion.

The time occupied is less than where the entry is made in extenso with the pen, and this time may be diminished by one-half when, in very busy times, teams of two work together, one handling the money and the other manipulating the machine.

Although our machines, being the first in use, were expensive, they have probably paid 10 per cent. per annum on the cost. But this is not the most important advantage; the security from fraud and error and the ability to know the exact total of liabilities is worth far more.

I hope that your committee will investigate this appliance or, if that is impracticable, will at least mention it as one of the features submitted.

Respectfully,

Charles E. Sprague,
Union Dime Savings Institution, New York.

Pass Books and Ledger Comparison.

It is considered necessary by some banks that no payment be made to depositors, nor money received from them, without, at the same time, comparing the pass book with the ledger or card, for correctness of balance, and entry of interest when credited; the committee would recommend that this be done when practicable, although many banks consider it superflous and cumbersome.

We understand that some of the large savings banks pay or receive money on presentation of the pass book without referring to the ledger at the time; others refer to the ledger only when paying sums above a certain amount.... The comparison of the pass book with the ledger appears desirable for obvious reasons and is preferable in every way; in this connection we may mention that in any bank where the officers have ground for suspicion, or where a defalcation has actually taken place, it may be found necessary to order that all pass books when presented to the bank be closed and new books issued; this will bring to light any discrepancies, give new signatures and pedigrees, and procure a fair assurance that the ledgers are correct; it will take some time to do this and cost work and expense, but it seems the only practical way for comparison. Savings bank officers well know that it is not practicable nor desirable to issue a general call for all pass books to be presented at the bank for comparison.

Trial Balance Period.

As regards the periods for making trial balances we find from our replies that the majority of savings banks favor taking trial balances twice a year; a few banks are satisfied with one balance per year, others take balances quarterly, and quite a number monthly, the latter, of course, being the smaller banks, or the banks doing also a commercial business. As a matter of fact it seems to the committee that the taking of a trial balance at the time when a dividend is declared should be sufficient, although we would recommend that trial balances be occasionally taken at odd times, whenever practicable.

Income.

For auditing purposes the income of a bank may be calculated ahead, that is to say, for the period to elapse until the next dividend is declared; this calculation cannot be made accurately by banks doing a commercial business, but it is by many considered desirable that banks doing a purely savings business, or having a savings department, and making investments of a permanent character, should ascertain beforehand their income from such investments for the next six months or the next year, and ascertain the receipt of it through their cash book. One of the methods employed is a very simple one, and is as follows: Suppose a bank declares dividends every six months, say the first of January and the first of July. On the first of January an account is opened, debiting it with the income from all investments, bonds, loans, mortgages, etc., due for the current six months. When this income is received in cash, this amount is credited with each payment so received. Thus on the 30th of June, if the income due has all been properly received in cash, the account will be closed out; any odd amount of income received during the six months may be easily adjusted. It is not an uncommon thing to find savings banks where the officers have no actual and positive proof that the total income due the bank from its investments has been really received in cash during the year, and this is a very important element in auditing. Of course, banks doing a commercial business, as we said before, could not carry such system in operation, but it may be a desirable one for all banks whose investments are of a permanent character; the committee recommends to every savings bank the adoption of some practical system of auditing its income from investments, etc., the auditor or bookkeeper making statements of all income receivable, and the president or another officer checking the cash receipts at regular intervals.

Amortization.

The majority of savings banks carry out some system of amortization of their bonded investments, some doing this scientifically, others through a rough system of dividing the premium or discount by the number of years the bonds have to run, and debiting or crediting the premium account with the yearly amount, and others by writing off to profit and loss the premium or discount at the time of investment. That some system of amortization is desirable, we have no doubt; the margin of profit is getting smaller from year to year, and a scientific system of amortization not only enables a bank to ascertain and state correctly its condition at any given time, but also gives it the means of reckoning the true income on which to base its dividends. Of two 5 per cent. bonds, one bought at 90 and the other bought at 110, the par or redemption value of each is $1,000, but while both pay $50 per year interest, the returns are different; the first investment will receive at maturity, in addition to the interest, $100 more than cost, and the second investment will receive $100 less than cost. If they both mature in ten years, the net interest from the first investment will be 6.35 per cent. yearly, and from the second investment 3.80 per cent. This net interest forms the basis upon which dividends to stockholders or depositors must be predicated.

We are aware that the law in some states, and the custom in some others, is to carry to profit and loss at the time of purchase the premium or discount on the bonds, being in effect an immediate amortizement, but this is not always possible nor is it always advisable.

We would recommend that whenever practicable some system of amortization, preferably a scientific one, be adopted, so as to supply the bank with the means of ascertaining its real earnings as compared with its cash income. It by no means follows that such amortized values and income need be published, nor used as a basis for statements; but every savings bank should have knowledge of these figures, to base its dividends upon.

In the State of New York, the Bank Superintendent has the past year requested the savings banks to report to him the amortized value and income of their bonds, and there is a strong probability that this procedure will be adopted in other states. It is objected to by some banks on account of the labor involved; we would say, in this connection, that very little extra work is necessary, as has been found the case by many Eastern savings banks which have lately adopted the system.

Independent Audit.

In reply to our inquiries as to the custom in savings banks, we find that over one-half of the banks written to employ an audit company or some professional outside accountant to examine into their affairs from time to time. The remaining banks inquired of do not approve of this system, and are satisfied with an examination, made once or twice a year, by a committee of their trustees or directors.

As regards such examination, this committee is of the opinion that an independent audit may often be found advisable, and at times may be absolutely necessary; the expense need not necessarily be very heavy, and it is considered by many as due to the officers, directors or trustees that such examination be made. Such an audit of the income, investment, expense, etc., of the bank, made from time to time and certified to by an independent and competent company or accountant, and printed in the published statements, is considered by many prudent savings bank officers as of interest to depositors and tending to strengthen their confidence in the bank.

We may here mention for the information of our members the plan adopted by a New York State savings bank (a member of our section) of publishing the pass book accounts by numbers, giving balance due (without the names of depositors); this was advertised in local papers; 10,000 copies of the list were issued in pamphlet form for distribution by mail. It is thought that every depositor may well be relied upon to compare his pass book with the published balance, and the bank believes that by publishing such, a complete check is obtained; it also states that although this statement was made during the busiest season of the year, as a special abstract of depositors' accounts, the regular business of the bank was not interfered with to any extent; they employed but two extra helpers (the bank has over 22,000 open accounts), and the cost of making the statement, including the advertising and printing of pamphlets, was in the neighborhood of $1,000. It is not intended to make such a detailed statement regularly, but only at convenient periods.

In conclusion, we beg to say that we are well aware that the whole subject matter of auditing and accounting has by no means been completely covered, as the time which we were enabled to give to its consideration was necessarily limited; the matter is a large one, and should be of considerable interest to all savings bank men, and we would therefore suggest that another committee be appointed at this convention, to continue this interesting work, and report at the next meeting; indeed, we might possibly suggest that a committee to deal with the subject and to keep in constant communication with our members, respecting the most modern methods of accounting and auditing, be appointed at every annual convention of the Savings Bank Section.

Respectfully submitted,

EDWARD L. ROBINSON, Chairman.
JOHN C. GRISWOLD,
F. W. JACKSON,
WM. HANHART, Secretary to Committee.
} Committee.

July 31st, 1907.

Legislation affecting savings banks was briefly reviewed by Thomas B. Paton, whose address follows:

Review of 1907 Legislation Affecting Savings Banks.—By Thomas B. Paton of the New York Bar, Counsel Savings Bank Section.

The limits of a 1,200-word address do not permit of anything more than a mere outline of certain legislation which has been enacted in some of the states this year affecting savings banks.

Savings Departments.

In Connecticut and Massachusetts laws have been passed in regulation of the operation of savings departments by banks other than savings banks and providing for the investment of savings deposits by such banks. The Legislature of Connecticut has passed a law providing that "all banks, trust companies, corporations, partnerships, or individuals maintaining a savings department or soliciting or receiving deposits as savings, shall invest all such deposits hereafter received according to the requirements of statute laws of this State concerning the investment of deposits in savings banks," and requiring that all savings deposits not now so invested, when reinvested, shall be so invested, and must be so invested before January 1, 1917. Such savings deposits are excluded from the requirements as to reserve in the case of State banks and trust companies.

In Massachusetts the law, which will take effect on January 1st next, applies only to foreign banking associations or corporations which on June 10th, 1906, were transacting business in the Commonwealth, and expressly excludes national banks from its operation. It requires all such foreign banks which receive "any deposits or transact any business in the manner of a savings bank, or in such a manner as might lead the public to believe that its business is that of a savings bank," to have a savings department in which all business transacted in such manner in the Commonwealth shall be done. Savings deposits must be placed in the savings department, and all loans or investments of such deposits must be made in accordance with the statutes governing the investment of deposits in savings banks. Such deposits and investments must be kept separate and not mingled with the other assets of the bank, and they are not liable for the debts or obligations of the bank. The accounts and transactions of the savings department must be kept distinct. Profits, after payment of interest or dividends to savings depositors, accrue to the bank and may be transferred to its general fund. Such foreign banks are limited to two offices or places of business in the Commonwealth.

It is to be noted that while Massachusetts has excluded savings deposits of national banks from this regulating legislation, presumably in the belief that it was beyond the power of the Legislature to regulate such departments, the Attorney-General of New Jersey has recently rendered an opinion that, in the absence of an express right to use the word "savings" in connection with their business conveyed by act of Congress, there is nothing in the Federal legislation which in any way prevents the State from limiting the right to use that phrase to such institutions as shall comply with the strict rules governing savings banks.

Combined Commercial and Savings Bank.

The States of Oregon and Washington have both enacted general banking laws during the present year, and among their provisions is authority to incorporate banks having both commercial and savings departments. The Oregon law provides that "banking corporations may be formed under the general incorporation laws of this State for the purpose of conducting and carrying on a banking business and to establish banks having departments for both classes of business, upon the terms and conditions and subject to the liabilities prescribed in this act." The capital, assets, funds, properties, and investments of a banking or savings department must be kept separate and distinct from all other assets, funds, properties, and investments of the corporation.

The general banking law of Washington authorizes incorporation of banks for the purpose of carrying on a general banking business and also to establish banks to be known as savings banks, or to establish banks having departments for both classes of business, upon the terms and conditions and subject to the liabilities prescribed by the act. Banks combining the business of a commercial and savings bank must keep separate books of account with depositors for each kind of business. The act provides for the making of regulations governing the savings bank business and the issue of pass books containing the rules and regulations. It requires the production of the pass book on withdrawal, with stated exceptions, and allows savings banks to issue time certificates of deposit and certificates specifically issued subject to the rules and regulations governing savings banks. The use of the term "savings" by all unauthorized persons or corporations is prohibited.

Supervision and Regulation.

The new general law of Colorado for the supervision and regulation of State banking includes savings banks within its provisions. Section 36 provides that the term "bank" or "banks" wherever used in this act shall be construed to mean and the provisions of this act shall apply to every person, co-partnership, savings bank, trust company, or corporation (except national banks) engaged or engaging in a banking business in this State. The law provides for the appointment of a bank commissioner, examinations and reports, and various other provisions regulating the business.

In Iowa a law has been passed applying to both State and savings banks, defining the purposes for which such banks may contract indebtedness; also a law relating to the pay of, and loans to, officers of State and savings banks.

In Minnesota a law has been passed defining the term "savings bank" as a corporation managed by disinterested trustees solely authorized to receive and safely invest the savings of small depositors. The right to use the term "savings bank" as a business name is limited. Savings banks are placed under the supervision and subject to the control of the bank examiner. Minnesota has also enacted important amendments to the savings bank law with respect to meetings of the boards of trustees and the relation of trustees to the bank; concerning the establishment and printing in pass books of regulations for the conduct of the business; concerning investments, the repayment of deposits and dividends, and the creation of a surplus fund, and the examination of savings banks at the instance of trustees.

In Missouri, Article XIII. of Chapter 12 of the Revised Statutes, relating to savings and safe deposit institutions, was repealed and a new article enacted in lieu thereof. A State Banking Department was also created, provision made for the appointment of a State Bank Commissioner, and savings banks, as well as other institutions, are placed under the control of the State Banking Department.

In Montana a law was passed placing savings banks, as well as other institutions, under the control of the State Bank Examiner, with uniform liability of stockholders and other regulations applicable to savings banks. The use of the words "savings bank" in the title of any business not incorporated under the savings bank chapters of the law is prohibited.

New Jersey has passed a law which prohibits any foreign bank from doing business in the State except to the extent that similar corporations of New Jersey are permitted to transact business in the State or country of the foreign bank. It includes savings banks in its terms.

The new reserve law of Pennsylvania provides for the creation and maintenance of a reserve in all banks, "savings banks, savings institutions," trust companies, etc.

California has passed a law giving the surviving husband or wife of a deceased person, or the children of a decedent where there is no surviving husband or wife, the right to collect of any bank, without procuring letters of administration, a deposit of the decedent not exceeding $500.

New Hampshire has passed laws (1) prohibiting all banks or persons, except savings banks or other institutions empowered thereto by State charters, from using signs or advertising literature indicating that the place, office, or business is that of a savings bank, and from doing business in the same manner that savings banks do, or in a manner which might lead the public to believe that the business is that of a savings bank, giving the bank commissioners authority to examine institutions for violations and prescribing penalties; (2) providing that no charter limitation of the amount of deposits in any savings bank or trust company shall apply to the trust funds, deposits for the creation of sinking funds, or deposits of the State, counties, towns, municipal corporations, precincts, or villages. Also amending the laws (3) as to the taxation of savings banks and (4) relating to the investments of savings banks.

Life Insurance by Savings Banks.

A law has been passed in Massachusetts authorizing the transaction of the business of life insurance by savings banks.

Payment of Joint Deposits.

Laws authorizing the payment of deposits standing in the names of two persons to either, whether the other be living or not, have been enacted in California, Maine, Minnesota, New York, Oregon, and Washington. The phraseology of these laws is somewhat different, but such is their legal effect. The Oregon law is inapplicable to any excess of a deposit over $300. The New York law goes beyond a mere authority to pay, and creates a title in joint tenancy in the two parties at the time of deposit. The New York law applies only to deposits in savings banks.

The laws of the other States are applicable as well to banks other than savings.

"Some Aspects of Savings Bank Life Insurance in Massachusetts" was the title of a paper by Alfred L. Aiken, treasurer of the Worcester County Institution for Savings, Worcester, Mass.

An explanation of the new law was given in the September number of the MAGAZINE by Mr. Brandeis, who took a favorable view of this departure. Mr. Aiken is of a different opinion. After describing the provisions of the law, he said:

After having made a careful study of this bill, both as proposed and as ultimately passed, I am obliged to confess that I can see no merit in it beyond that of ingenuity. Perhaps as a savings bank official and therefore fairly conservative in my point of view, I am timid in welcoming such an innovation, but it seems to me that it is very desirable that the savings banks, which are pre-eminently the banks of the thrifty wage earner, should be kept free from any undertaking that is in a measure speculative and experimental, as this savings bank insurance plan, even by its friends, is admitted to be.

In the Commonwealth of Massachusetts, which has a population of approximately 3,000,000, there are about 2,000,000 open accounts in the savings banks, representing deposits of almost $700,000,000. These deposits, if they mean anything, mean a wonderful degree of confidence in the minds of the working people in our institutions. They have reached this enviable place in public esteem by an absence of innovations. The entrance upon any experimental field would be looked upon with great suspicion by all classes of depositors and would create a feeling of distrust which has heretofore been conspicuous by its absence. My doubts as to the success of the plan would perhaps be less clearly defined had I been able to find a single life insurance expert who believed for one minute that the plan would succeed, or had I found the treasurer of a single large and active savings bank who endorsed the bill. As a matter of fact, at the hearings held before our legislative committee in consideration of the matter, the petitioners presented no life insurance expert, nor was a single savings bank treasurer called upon by them in support of their measure.

Over-the-counter life insurance for the wage earner is not, as some may have supposed, an invention of the brilliant Boston attorney who is the sponsor for this bill, but has been tried before and has never proved really successful. You are perhaps familiar with the attempt of the British Post Office to carry on such a business, and doubtless know that in spite of the great moral effect of the financial strength and solidity of the British Government, in spite of the much greater familiarity of the English people than of our own with industrial insurance, the business has been unsuccessful. The results achieved there are positively laughable to the active insurance man, and must discourage the optimist who longs for savings insurance banks. As a matter of comparison, I find that if all the savings banks in Massachusetts should undertake the industrial insurance business and meet with a success equal to that achieved by the Insurance Department of the British Post Office in the last year for which I have been able to obtain the figures, the combined banks of the Commonwealth would write .42 of one policy, a result which cannot lead to high hopes for the undertaking proposed for us.

There really can be but one excuse for this measure, namely, the hope that it may provide cheaper life insurance for the wage earner; but it seems to me that there is no substantial ground for such a hope. In all our larger centres of population, and it is only there that small insurance companies can live, it will cost the insured as much as to get his premiums to the bank by his own effort as would be his contributive share in the salary of the collector provided by the company.

The investments of this savings insurance bank are restricted just as are those of the savings bank proper. The scope of the competing life insurance company investment is much wider; its taxes are about one-half as great. With a narrower and less remunerative field for investment, with the State tax approximately twice as heavy, with a mortality certainly as great and subject to much greater variation than that of the industrial insurance company as now conducted, how can we hope for cheaper life insurance from this source?

Up to this point we have only examined this bill from the insurance point of view. I shall trespass a little longer on your time to mention a matter that touches me more nearly, and that is, the bill in its relation to the savings bank and its depositors.

Our savings banks, by scrupulous regard for their relations to the depositors and great care and economy in their management, during an experience of almost a century, have made for themselves a reputation that compares favorably with that of any similar institutions in the world. Almost two-thirds of our population, men, women, and children, are depositors in our banks and sharers in their success. No better evidence can possibly be given of the place these banks hold in the minds of the community. This element of good will, of absolute confidence, which has been almost 100 years in the making, is just as valuable an asset as the bonds and mortgage loans, even though it be a less tangible one. It is an asset that has been handed down from generation to generation of depositors and belongs as an inalienable right to the depositors of the banks to-day and their descendants. The petitioners for this measure have publicly stated that the extension of the functions of the savings bank to cover industrial life insurance was because this confidence in which the savings banks are held in the community would make for the success of this entirely extraneous business which we are to be permitted to do. It seems to me that the trustees of a savings bank have no more moral right to use that good will in exploiting this proposed business than they have to use the more tangible assets of the bank. They both belong to the depositors, and it is neither just nor equitable that either of them should be in any way applicable to the support of any business outside of the normal functions of an institution for savings. The minute a depositor opens an account in one of our savings banks, just at that time he establishes the relations of beneficiary and trustee between himself and the officers of the bank. That relationship cannot be too carefully guarded.

P. LeRoy Harwood, treasurer of the Mariners' Savings Bank, New London, Conn., spoke in opposition to postal savings banks. He declared that the strongest demand for such banks came from sections where, owing to inadequate and improper state laws, dishonest persons and irresponsible banking institutions had been permitted to accept savings deposits and had betrayed their trusts. The proper remedy, he declared, was for the people of those localities to create savings banks, rather than to call on the Government to take upon itself the burden of investing their savings.

Edward T. Perine, general manager of the Audit Company of New York, presented a paper on "The Independent Audit of a Savings Bank," and W. M. Kern, secretary of the Dollar Savings Bank of New York, spoke on "Deposits Received Evenings."

NEW OFFICERS OF THE SAVINGS BANK SECTION.

President, Lucius Teter, Chicago, Ill.; first vice-president, J. H. Johnson, Detroit, Mich.; vice-presidents, Alabama, Eugene F. Ensler, Birmingham; California, C. A. Ames, Redlands; Connecticut, Lyman S. Cathen, Bridegport; Illinois, M. H. Greenebaum, Pontiac; Indiana, L. G. Tong, South Bend; Iowa, J. M. Dinwiddie, Cedar Rapids; Louisiana, C. A. Blaffer, New Orleans; Maine, E. A. Noyes, Portland; Maryland, Robert M. Rother, Baltimore; Massachusetts, Frederick C. Nichols, Fitchburg; Michigan, Charles F. Collins; Minnesota, Otto Williams, St. Paul; Missouri, Thornton Cooke, Kansas City; Montana, E. P. Chapin, Butte; New Hampshire, J. E. Fernald, Concord; New Jersey, Adrian Lyon, Perth Amboy; New York, Everett Smith, Schenectady; North Carolina, W. L. Scales, Rockingham; Ohio, E. Wiebenson, Cleveland; Oregon, Lansing Stout, Portland; Pennsylvania, C. La Rue, Williamsport; South Dakota, H. R. Dennis, Sioux Falls; Tennessee, J. H. Smith, Memphis; Vermont, C. P. Smith, Burlington; Virginia, R. M. Kent, Jr., Richmond; Washington, E. Shorrock, Seattle; West Virginia, H. C. Harvey, Huntington.

Members of the executive committee to serve three years: E. L. Robinson, vice-president Eutaw Savings Bank, Baltimore, Md.; J. H. Hass, cashier, Scott County Savings Bank, Davenport, Iowa; Alfred L. Aiken, treasurer, Worcester County Institution for Savings, Worcester, Mass.

BELGIAN SAVINGS BANK.

According to statistics recently published, the total number of deposit books in the Belgian Government Savings Bank increased from 1,238,601 in 1896 to 1,862,812 in 1901 and to 2,419,710 in 1906.

The total value of deposits made amounted in 1896 to $96,200,000, in 1901 to $147,000,000, and in 1906 to $162,400,000. The superannuation department counted 39,000 members in 1896, 430,000 in 1901, and 858,000 in 1906. The Government insurance department registered in 1896 5,028 insured; in 1901 statistics show this number to have increased to 16,180, while in 1906 the total was found to be 29,269. The number of deposit books in the Belgian Government Savings Bank has doubled in ten years, while the number of members in the superannuation department has almost doubled in five years. The total value of savings intrusted with the institution was $240,800,000.

On December 31 last there existed a total of approximately 2,420,000 savings deposit books, of which 1,042,728 books showed deposits of from $0.19 to $3.86; 443,547, $3.86 to $19.30; 441,547, $19.30 to $96.50; 186,670, $96.50 to $193. Consequently approximately 1,000,000 persons possess deposits at the savings bank of more than 100 francs ($19.30). For the whole of Belgium statistics show that in 1900, out of every four inhabitants one was in possession of a deposit book, and in 1906 the proportion was found to be almost one out of every three inhabitants.

STRONG DEMAND FOR BANK LOANS IN CANADA.

REPORTING from Collingwood, Consul A. G. Seyfert says that probably in no country is the demand for money more difficult to satisfy than in Canada. Concerning which he writes:

"It has been an open secret for some time that the financial institutions of the country have not been and are not now willing to comply with all the demands made upon them for loans. The banks and loan companies are not in any way in a bad financial condition, but they are determined to continue business on a conservative, safe basis. The calls made upon the financial institutions are so numerous that it is impossible to satisfy everybody during the present great wave of prosperity in the Dominion. The immense expenditures brought about by the South African war, costing the British people hundreds of millions, turned money from its natural industrial channel, and the effect is only being fully realized now.

It is perhaps not generally known that no country in the world with a population of only 6,000,000 can point to such a remarkable record of development during the past six years as Canada. In every part of the country the same story of prosperity and expansion seems to exist. The great crowds of new citizens that have poured into the Northwest have had to have their needs supplied. Those who have taken up farming have had to be supplied with machinery and manufactured goods, so that in every industry there has taken place an enormous expansion. In order to keep pace with the demands of the people the manufacturers and merchants have had to enlarge their establishments. To do this the demand for money has been so great that at the present time it is absolutely impossible for the banks to meet them, in spite of the fact that the rates of interest have been increased.

In other words, Canada's own tremendous development and prosperity afford the chief reason why money is dearer here than in other countries. The transcontinental railroad, known as the Grand Trunk Pacific, which is now under construction, is an enormous enterprise, and will cost upward of a hundred million dollars. This gigantic development is naturally taking millions from other channels of trade, and is perhaps the leading cause of dear money."

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

INSOLVENCY OF BANK—ACCOUNTING BY LIQUIDATORS—RIGHT OF DIRECTORS TO BUY AND SELL STOCK—SALE OF ASSETS—LIABILITIES OF LIQUIDATORS—LIMIT OF OPPOSITION TO ACCOUNT.

IN RE LIQUIDATION OF SHREVEPORT NATIONAL BANK.

Supreme Court of Louisiana, February 18, 1907; rehearing denied, March 18, 1907.

Directors of a bank have a right to purchase, with their own money, shares of stock owned by other stockholders at as low a price as they can get them, and they have a right to sell the stock to whom they please. If they sell the stock to another corporation, in which also they are interested as directors, at an exorbitant price, that is a matter to be complained of by the stockholders of the purchasing corporation.

In the matter of the liquidation of a bank, opposition to the final account of the liquidators, who also were directors, is limited to their acts as liquidators, and their acts as directors, previous to the passing of the bank into liquidation, if subject to attack by stockholders, should be passed upon in another separate, independent proceeding.

Where the liquidators of a bank, deeming a sale of all the assets for the best interests of all concerned, called a meeting of the stockholders, notifying them of its purpose, and those present at the meeting agreed on a private sale of the assets at a price fixed by them, which was fair, and a sale was effected, there being no fraud or bad faith, the liquidators cannot be charged with the face value of the assets.

NICHOLS, *J.:* On October 11, 1905, W. E. Hamilton, John S. Young, F. T. Whited, J. J. Jordan, and J. B. Filhiol, representing themselves as liquidating commissioners of the Shreveport National Bank in liquidation, filed "a full, complete account and statement of their administration as liquidating commissioners," asking that personal notice be given to the stockholders residing in the state, that a curator ad hoc be appointed to represent the absent stockholders shown on the list of stockholders, that due publication of the filing of the account should be made, and that after due proceedings it be approved and themselves discharged. On October 28, 1905, Frank B. Hayne and H. De L. Vincent filed an opposition opposing specially and generally each and every item in said account. They opposed said account for the reason that same was not a full and true compliance with the aforementioned decree of this court, inasmuch as the purported liquidation of said Shreveport National Bank took place on March 3 of this year, and said persons should be compelled to supplement said account by a full and true account of their dealings with said bank, its assets and liabilities from March 18 to May 3, 1905, inclusive; that between said dates, to wit, from March 18 to May 3, inclusive, said persons in the qualities either of liquidators or of directors, and in their personal individual capacity, absorbed and appropriated to themselves sufficient of the assets of said bank to pay the stockholders the full par value of their stock; and that their wrongful acts during that period, prior thereto, and during the time covered by this account, have depreciated the value of the stock in such a manner as to render them liable individually in solido, to the stockholders thereof, for the par value of said stock.

Opponents say they did not consent to the proceeding by which the Shreveport National Bank was thrown into liquidation, and the parties, now liquidators of the bank, were selected as such. The correctness of that action is not before us. Opponents do not, in this proceeding, seek to set it aside. On the contrary, they have heretofore charged them with maladministration as such, and sought to have them superseded by the appointment of a receiver, and they still do so. Accountants are before the court only in respect to their actions as liquidators. Opposition to the same is confined to their acts as such. The prayer of the opponents that the accountants be charged individually with the $5,000 paid to W. E. Hamilton, as well as the amount paid to G. W. Signor, cannot be discussed in this proceeding. Those transactions antedated the administration of the Shreveport National Bank by accountants as liquidators. If they be liable for the amounts claimed as directors, the demand must be advanced in some other proceeding.

Opponents complain that an attempt was made by the parties now acting as liquidators to bring about at one time a consolidation of the Shreveport National Bank with the Louisiana Bank & Trust Company, and that they purchased stock of the former company at that time, and while being directors for the purpose of accomplishing that result. The proposed consolidation was never carried out. There was no resulting injury from the action set out or shown. The fact that the parties named here were directors of the Shreveport National Bank did not estop them from purchasing, from the other parties holding the same, stock of the corporation at as low a rate as the owners thereof thought proper to sell it. If any one was injured thereby, it was the owners of the stock so sold. No complaints have been made by such parties. The moneys paid for such stock belonged to the purchasers individually, and the stock purchased became their absolute property. They were free to sell it to whomsoever they thought proper, and, if they sold it to the Louisiana Bank & Trust Company, of which they were at the time directors, at a higher price than it was worth, or than they had paid for it, that was a matter to be complained of by the stockholders of that company, if at all.

Opponents complain that the assets of the liquidating bank were improperly sold to the Louisiana Bank and Trust Company at private sale while accountants were liquidators. It cannot be said that the sale was made by the liquidators themselves. A meeting of all the stockholders was convened by the liquidators for the purpose of deliberating upon what was best to be done, and should be done, under existing circumstances, for the interest of all concerned. The intended meeting was advertised, and all parties in interest were notified. It was held, and a sale of the assets was agreed upon by the stockholders present. At that meeting the Louisiana Bank & Trust Company was present as a stockholder, but it did not vote. There was objection to the proposed disposition of the assets from no quarter, and they were sold as agreed upon by the stockholders. They were not sold by the liquidators as such, but were offered for sale at auction under instructions from the stockholders; the assets being offered and sold separately, and finally in bulk, when individual bidders failed. If individual stockholders objected to the meeting of the stockholders for the purpose stated, they should have made known their objections before the meeting took place, or at least at that time. Their silence would well be taken as acquiescence. The price obtained for the assets was above the appraised value thereof made on January 12, 1905, before the sale, by Silas H. Cooper, United States bank examiner, J. J. Jordan, cashier of the Shreveport National Bank, and S. M. Watson, a stockholder. The price was a fair one, as shown by the evidence, and larger, we think, than could have been obtained through judicial proceeding. The sale was not made to the liquidators as purchasers.

At the meeting referred to, the stockholders present indorsed and approved and ratified the acts of the liquidators in disposing of a portion of the assets of the bank and paying its debts with the money thus realized, and in transferring the deposits to the Louisiana Bank & Trust Company, and declared that, having examined the records of the transactions of the liquidators and their administration up to the present time, they indorsed and ratified the same.

We do not see how the liquidators could have acted differently from what they did in respect to the deposits. The transfer of the same to the Louisiana Bank & Trust Company was with the consent of the depositors, and matters had reached a point when they could go on no longer as they were. Opponents do not ask, even if they could successfully ask, to have the sale of the assets annulled. They seek to have the liquidators charged individually with their "face value" under the circumstances stated. We do not think there is any just or legal foundation for such a claim. Opponents have not, we think, been injured. We find no fraud or bad faith on the part of the liquidators in the premises.

We find no ground for decreeing, as asked by opponents, that the liquidators be refused and denied the right of participating in the distribution of the assets of this bank, until opponents, and such other stockholders as are not guilty or privy to the acts complained of, are paid $100 per share of stock owned by them out of such assets. We find no grounds for refusing to have the fees of the attorney and the commissions of the liquidators paid from the funds in the hands of the liquidators, and no grounds for removing the liquidators and appointing a receiver.

We think the judgment of the district court has done justice to all parties, and it is hereby affirmed.

NOTE—INDORSEMENT IN BLANK BEFORE DELIVERY—EFFECT OF SUCH SIGNATURE—STATUS BY LAW AND BEFORE STATUTE—PRESENTMENT—WAIVER—EFFECT.

BAUMEISTER VS. KUNTZ.

Supreme Court of Florida, Division A, January 22, 1907.

When a person, not otherwise a party to a note, places thereon his signature in blank, before delivery, his status is that of indorser, under the Negotiable Instruments Law, and while evidence is not admissible to vary that status, still it may be shown by evidence just what course of conduct was followed with a view to finding out whether or not presentment for payment was waived.

Prior to the enactment of the Negotiable Instruments Law, the status of a person thus signing a note was that of maker.

The right of an indorser of a negotiable instrument to have due presentment and notice, before liability attaches to him, is given by law for the benefit of the indorser, and under the statute such presentment or notice may be waived, expressly or impliedly. If presentment for payment be waived, notice of dishonor is dispensed with.

Where a waiver of presentment is shown, a failure to make presentment for payment at maturity will not bar the payee from recovery from the endorser.

WHITEFIELD, *J.:* On January 18, 1906, the defendant in error filed a declaration containing several counts in the circuit court for Escambia county, one of which counts as amended is as follows:

"The Molino Lumber & Brick Company on June 6, 1902, made its promissory note for the sum of one thousand dollars, payable to the order of the plaintiff one day after date, with interest from date until paid; and the defendant, for the purpose of giving credit to the said maker, and of procuring the plaintiff to lend to the said maker the sum of one thousand dollars, did before the delivery of the said note by the maker to the plaintiff indorse the same, and the said maker did thereafter deliver the same to the plaintiff, who thereupon paid to it the said sum of one thousand dollars; that at and before the time of said indorsement it was agreed between the maker of said note and the plaintiff that the said note should not be presented for payment on the day after its date, but that it should be paid by the maker in installments from time to time after the maturity, and that the defendant at the time of the said indorsement knew of and assented to such agreement; that long after the maturity of said note, and before the bringing of this suit, the defendant acknowledged his liability arising from his said indorsement of said note; and that before and after the maturity of said note the defendant waived the presentment thereof to the maker for payment."

There are six other counts containing similar allegations upon other notes of different dates, the declaration concluding as follows: "That although the maturity of the said notes has long since passed, yet neither the said maker thereof, nor any one else, has paid the said notes, or any one of them, or any part thereof, or any interest thereon, except the sum of eight hundred and thirty-one and 66-100 ($831.66) dollars paid upon the interest, and the sum of twenty-three hundred ($2,300.00) dollars paid on February 7, 1905, to the damage of the plaintiff of twelve thousand ($12,000.00) dollars."

Copies of seven notes, all similarly worded, were filed with the declaration, one of which is as follows:

"$1,000.00. Pine Barren, Fla., June 6, 1902.

One day after date we promise to pay to the order of Peter Kuntz one thousand dollars, with interest at 6 per cent, from date.

Value received. MOLINO LUMBER & BRICK COMPANY,
Pr. Frank Johnson, Prest.

No. 1. Due June 7, 1902."

Indorsements: "Frank Johnson." "Fred Johnson." "Jno. Baumeister."

The defendant, to all counts as amended, filed two pleas, as follows:

"(1) That the defendant has never waived presentment of any of the notes herein sued upon.

(2) That the defendant placed his name on the back of the notes sued upon as a regular indorser, and thereby undertook and agreed that if, when duly presented, the said notes were not paid by the maker, the defendant would, upon due and reasonable notice given to him of the dishonor, pay the same to the plaintiff or his indorsee; that the defendant has never at any time waived presentment of any of said notes, yet none of the said notes has ever been presented to the maker for payment."

The plaintiff filed a replication that each and every one of said pleas is untrue.

At the trial verdict and judgment were rendered for the plaintiff in the sum of $6,421.84.

A motion for a new trial having been overruled, the defendant brought writ of error. Twenty-three errors are assigned, and all that are essential to the disposition of the writ or error will be considered.

Prior to the enactment of the negotiable instruments law (chapter 4524, p. 25, Acts 1897), this court held that when a party who is neither the maker nor the payee of a promissory note, for the purpose of enabling the maker to raise money on it, and before the note passes to the payee, indorses said note in blank (by simply writing his name on the back or any other part of the note), he thereby became liable as one of the makers of the note. Melton v. Brown, 25 Fla. 461, 6 South, 211; McCallum v. Driggs, 35 Fla. 277, 17 South. 407.

The following provisions are contained in the Negotiable Instruments Law (chapter 4524, p. 25, Acts 1897): A negotiable promissory note is an unconditional promise in writing, made by one person to another, signed by the maker, and engaging to pay, on demand or at a fixed or determinable future time, a sum certain in money to order or to bearer. (Section 184.) The sum payable is a sum certain, although it is to be paid with interest. (Section 2.) Where the instrument is no longer in the possession of a party whose signature appears thereon, a valid and intentional delivery by him is presumed until the contrary is proved. (Section 16.) Where a person, not otherwise a party to an instrument, places thereon his signature in blank before delivery, he is liable as indorser to the payee, if the instrument is payable to the order of a third person. (Section 64.) Every indorser who indorses without qualification engages that on due presentment it shall be paid, and that, if it be dishonored and the necessary proceedings on dishonor be duly taken, he will pay the amount thereof to the holder. (Section 66.) Except as hereinafter otherwise provided, presentment for payment is necessary in order to charge the indorsers. (Section 70.) Presentment for payment is dispensed with by waiver of presentment, express or implied. (Section 82.) The instrument is dishonored by non-payment when presentment is excused and the instrument is overdue and unpaid. (Section 83.) When the instrument is dishonored by non-payment, an immediate right of recourse to all parties secondarily liable thereon accrues to the holder. (Section 84.) Except as herein otherwise provided, when a negotiable instrument has been dishonored by non-payment, notice of dishonor must be given to each indorser, and any indorser to whom such notice is not given is discharged. (Section 89.) Notice of dishonor may be waived, either before the time of giving notice has arrived, or after the omission to give due notice, and the waiver may be express or implied. (Section 109.)

The main question for determination is: Does the indorsement in blank before delivery of a promissory note payable one day after date, with interest, for the purpose of giving credit to the maker, so fix, as matter of law, not the status, but the liability and rights of such an indorser, as between the original parties, that it cannot be shown that, by the course of conduct of the parties attending the indorsement, the right of the indorser to have demand made on the maker of the note for payment at maturity was waived, so as to make the indorser's liability not dependent upon such demand?

By the terms of the statute, when a person not otherwise a party to a negotiable instrument places thereon his signature in blank before delivery, his status is fixed as that of an indorser. Where the statute fixes the status of a party to a negotiable instrument as being that of an indorser, parol evidence is not admissible to vary such status.

Under the statute an indorser of a negotiable promissory note is not liable thereon, if due presentment is not made to the maker for payment, and notice of dishonor is not given, unless such presentment and notice are excused, dispensed with, or waived. The rights of an indorser of a negotiable promissory note to have due presentment and notice before liability attaches to him thereon are annexed by law for the benefit of the indorser, and under the terms of the statute such presentment and notice may be expressly or impliedly waived. Waiver may be implied from the conduct of the indorser.

When an action is brought by the payee against an indorser who has indorsed in blank before delivery promissory notes payable one day after date, with interest from date, for the purpose of giving credit to the maker of the notes, evidence of contemporaneous facts and circumstances constituting the course of action of the parties at the time of the transaction may be shown in evidence in order to ascertain whether or not presentment for payment has been waived.

. At the trial the defendant was called as a witness for the plaintiff, and testified without objection that he was a stockholder and was acting as secretary and treasurer of the Molino Lumber and Brick Company, the maker of the notes, at the time he made the indorsements in controversy; that the business of said company was manufacturing lumber, but it had not commenced business, nor had the mill been built, when the indorsements were made; that the money was borrowed for the purpose of building the mill; that Mr. Johnson, the president of the company, asked the defendant to indorse the notes, and told the defendant that the plaintiff had asked that defendant should indorse the notes; that he indorsed the notes, knowing that they were going into the hands of Mr. Kuntz for the purpose of evidencing the money he was going to loan the company; that he did not think the notes would be paid one day after date; that he intended that Kuntz should lend money to the company upon the notes with his indorsement on them; that he did not expect the notes to be paid the next day after their indorsement; that it was defendant's intention that plaintiff "should receive these notes, and should not present them for payment, but should retain them for payment by the working of the mill in producing lumber, and for the net proceeds of that lumber to apply to these notes."

The defendant, to maintain the issues in his behalf, testified: "It was my supposition that the notes should not be presented. I supposed that there was some agreement between Mr. Johnson and Mr. Kuntz.

I don't know, from any source, of any agreement that the notes should not be presented. It was merely a supposition on my part."

This testimony, given without objection, taken in connection with the terms of the notes, by which they were made payable one day after date, with interest from date, shows a course of conduct which constitutes a waiver of the right of the defendant as indorser to have the notes presented to the maker for payment at maturity, and to have due notice of non-payment, as prerequisites to his liability on the note as indorser.

The notes were made by a corporation in which the defendant was a stockholder, and for which he was acting as secretary and treasurer; they were made payable one day after date, with interest from date, and were indorsed in blank by the defendant before delivery, for the purpose of giving credit to the corporation, the maker; and action is brought on the notes by the original payee against the indorser in blank before delivery. The indorser himself testifies without objection that he was acting as secretary and treasurer of the corporation making the notes when he indorsed the notes; that he knew the payee asked for his indorsement before he took the notes; that he knew the notes were given for the corporation to secure money to construct a sawmill not yet built; that the notes were to be paid from the net proceeds of lumber to be produced by the mill; that he did not expect or think the notes would be presented for payment or paid at maturity; that they were given to be kept by the plaintiff as evidence of a loan made by him to the corporation; and that it was his supposition that the notes would not be presented for payment at maturity.

Under the circumstances the defendant could not have made the indorsements with the requirement or expectation that the notes would be presented for payment one day after their date. By his own testimony he did not expect, and under the circumstances testified to by him he had no right to expect, presentment or payment to be made at maturity. This being so, the presentment was by implication of the law waived, and the liability of the indorser was not dependent upon presentment and notice of dishonor. (See Fullerton vs. Rundlett, 27 Me. 31.)

The only issue made by the plaintiff is whether presentment for payment had been waived, and, as it is clear that there was such a waiver, the right of the plaintiff to recover is established. It is consequently unnecessary to consider any one of the incidental questions presented.

Let the judgment be affirmed.

DRAFT — COLLECTION — BILL OF LADING — FORGERY — GOOD FAITH—LIABILITY.

NEBRASKA HAY & GRAIN CO. VS. FIRST NATIONAL BANK OF FALLS CITY.

Supreme Court of Nebraska, February 8, 1907.

Where a bank innocently and without notice receives a draft from the drawer for collection, and, on demand, obtains payment from the drawee, and, in good faith, turns over the proceeds to the drawer, it is not liable to the payor in damages for the reason that the latter made payment without consideration, and in reliance upon a forged bill of lading which the drawer had attached to the instrument and caused to be forwarded with the draft.

AMES, *C.:* The following is a brief statement of facts alleged in the petition. On February 2, 1905, one J. C. Smith made and subscribed, apparently in his own name, a draft upon the plaintiffs, as drawee, for $900 payable to the order of the defendant bank, doing business in Falls City, in this state. To the draft, he attached what purported to be a bill of lading, indorsed in blank by himself, and signed by a station agent of the Missouri Pacific Railroad Company at Reserve, Kan., of a shipment of corn from the latter point to the plaintiffs, at Omaha, Neb. The two documents he delivered to the bank, with instructions to forward them for collection to Omaha, and to account to him for their proceeds. Reserve is about five miles distant from Falls City. Smith was an utter stranger to the bank officials, who knew nothing about the transaction. except what was represented on the face of the papers, which indicated nothing irregular or out of the usual course. They accepted the documents, and indorsed the draft to the Omaha National Bank or order, for collection, and forwarded them to their correspondent, the latter named bank, for collection and credit according to the custom of banks in such matters.

Under the same date, at Falls City, Smith wrote and sent to the plaintiffs, by mail. a letter, saying: "I ship you today car No. 20,332 Mo. P. loaded 62,300 pounds wheat. See what you can do for me. Have another small car later." On the following day, the Omaha Bank received the draft and bill of lading, delivered them to and received the amount of the former from the plaintiffs, credited the sum to the account of the defendant, and notified the latter of the fact. Without further information or notice, the defendant paid the amount over to Smith, who has not since been seen or heard from by any of the parties.

After a delay of several days, the plaintiff learned that the supposed bill of lading was a forgery, and that no grain had been shipped to them as consideration for the draft. Having demanded, and being refused, repayment of the money by the defendant, they brought this action for its recovery. There was a judgment for the defendant upon a demurrer. and the plaintiff's appealed.

The petition alleges that the plaintiffs had never previously had any knowledge of or dealings with the man Smith, and that they accepted and paid the draft solely in reliance upon the known respectability and financial responsibility of the defendant, who was named as payee of the draft and appeared as if assignee of the purported bill of lading and had presumably satisfied itself of their genuineness, and the plaintiffs regarded, and were justified in regarding, the transaction as being, in effect, a representation by the defendant that they were genuine.

The contention of the plaintiffs is therefore that the payment was made through a mistake of facts occasioned solely by the fault or negligence of the defendant, and for which they are themselves in no way responsible. But it is alleged in the petition that the defendant had no interest in the papers or transaction, except as a mere agent of Smith for collection, a fact which the plaintiffs do not deny having known, and which they may well be inferred to have known, at the time of the payment, from the nature of the transaction. The letter written by Smith to the plaintiffs on the day the draft was drawn indicates that the amount of the latter was less than the value of such a quantity of wheat as was named in the bill of lading, and contains a request that the residue or balance be paid by the plaintiffs, by check, to Smith himself at Falls City. This circumstance, if the transaction had been genuine, would have given rise to two inferences: First, that the title to the shipment of corn had not passed to the bank by the indorsement of the bill of lading; and, second, that settlement was not to be made until the shipment had reached the consignee at Omaha, when the latter were requested to "see what you can do for me"—that is, we suppose, determine how large a sum they could pay him.

We adopt, without qualification, the contention of counsel for appellant that the principles of the law merchant are without applicability to the case made by the petition, and that the latter is to be decided in accordance with the rules of law governing the relation of principal and agent, and, having adopted it, there appears to us no doubtful problem for solution. The functions and obligations of a collecting agent, merely as such, do not differ essentially or characteristically from those of a messenger boy. What may be his moral or social standing or financial responsibility are, so long as he is free from knowledge or participation in any wrongdoing by his principal, matters of no importance. He performs his whole duty by delivering what he is charged with delivering and receiving what he is intrusted to receive, in exchange, and by disposing of the latter as his principal has directed. It is not only not his duty, but it would be an impertinence by him, to inquire into the value, genuineness, or validity of either the one article or the other.

The case of First Nat. Bank of Orleans v. State Bank, 22 Neb. 769, 36 N. W. 289, 3 Am. St. Rep. 294, appears to us not to be in point. In that case the purported check—that is to say, the supposed order upon the Alma Bank for the payment of the sum of money in question—was a forgery. In other words, no authority for the collection of the sum existed, and the principle involved is the familiar one that an assumed agent who acts without authority is himself liable as a principal. But, in the case at bar, the draft was genuine, and the defendant, in demanding and receiving the money and paying it over to the drawer, acted strictly within the scope and limits of its employment.

The case of Benjamin F. LaFayette v. Merchants' Bank (recently decided by the Supreme Court of Arkansas) 84 S. W. 700, 68 L. R. A. 231, 108 Am. St. Rep. 71, upon which counsel for appellants seem chiefly to rely, does not appear to us to differ in principle from that just cited. In that case the defendant bank had forwarded and collected a draft, negotiable in form, upon which a purported indorsement by the payee as well as a purported signature by the payee, to an accompanying bill of sale, had been forged, and the defendant was held liable to the drawee, to whom it had presented the draft, and who had paid it in reliance upon the supposed indorsement and signature. The court discusses at considerable length the facts that the draft purported to have been drawn pursuant to a previous arrangement between the drawer and drawee, according to which it was to have been accompanied by a bill of sale of certain cattle purchased by the drawer from the payee, and that it was apparent upon the face of the papers that the draft was not drawn against funds of the drawer in the hands of the payee, but was to be paid upon the strength and credit of the supposed bill of sale, and decides that the defendant was negligent in purchasing the documents and forwarding them for collection without first having assured itself of their genuineness. Admitting that this opinion is in all respects sound, of which we do not feel at all convinced, it does not appear to us to be decisive of this case, because the defendant was destitute of authority from the payee of the draft, to whose order alone it was payable.

In the case at bar the draft was, as has been already said, genuine. Whether it was signed by the real name of the drawer is not known, and is immaterial. It was signed by him by such name as he chose to use, and that fact sufficed to establish his legal relations to it and to the parties with whom he dealt, whatever may have been his true name. The defendant bank was innocent of any notice or of any participation in any wrongful act. The plaintiffs assert, and the defendant admits, that the defendant assumed simply and solely the functions of a collecting agent. The obligations of such agency it performed promptly and with fidelity, and without guile or suspicion of evil, and by so doing it discharged its whole duty. The business of banking and of collection agencies could not be carried on safely, or at all, if such institutions were held to be liable for the frauds and forgeries of their principals with respect to collateral documents and transactions of which they were ignorant, or if their failure to inquire into and ascertain the genuineness and good faith of such matters was held to be actionable negligence. The plaintiffs were not bound to make payment until they received a satisfactory consideration, nor even then unless they had chosen so to do. If, as they allege, they paid a draft drawn by an entire stranger with whom they had had no previous dealings, and in reliance upon a spurious bill of sale, without ascertaining the genuineness of the documents, and without an inspection and delivery of the grain, their loss is due to their own rashness and negligence, and not to that of the intermediatep arties through whom they dealt.

We recommend, therefore, that the judgment of the district court be affirmed.

Epperson and Oldham, *CC.*, concur.

Per Curiam: For the reasons stated in the foregoing opinion, the judgment of the district court is affirmed.

PLEDGES—TRANSFER OF NOTE—CHARACTER OF TRANSFER—SUFFICIENCY OF EVIDENCE—RENEWAL OF NOTE—LOSS OF LIEN—CASHIER—PERSONAL INDEBTEDNESS TO BANK—ACCEPTANCE BY CASHIER OF NOTE OF THIRD PERSON TO SATISFY DEBT—RATIFICATION BY BANK—EFFECT—NOTICE TO OFFICER.

FIRST NATIONAL BANK OF EMMETSBURGH VS. GUNHUS ET AL.

Supreme Court of Iowa, February 14, 1907.

A cashier of a bank cannot satisfy a personal debt, owing to the bank by accepting, as cashier, a note of a third person, but the bank might ratify his action so as to render it a payment of his obligation.

A renewal of a note does not release or discharge securities deposited as collateral.

Action in equity to recover upon promissory notes executed by the defendant Gunhus to the plaintiff bank, and to foreclose in respect of certain collateral securities. The defendant bank claimed to be the owner of one of the collateral notes, being a note for $2,500 executed by one Jacobs had secured by mortgage on certain lands situated in the state of Minnesota. There was a decree in favor of plaintiff bank as against both defendants. The defendant bank alone appeals. Affirmed.

BISHOP, *J.:* The controversy on this appeal involves only the question of the rights of the parties in and to the Jacobs note and mortgage. On the one hand, it is the contention of the plaintiff bank that such note and mortgage was deposited with it by Gunhus, the owner thereof, as collateral to his indebtedness. On the other hand, it is the contention of the defendant bank that it is the sole owner of the note and mortgage, and is entitled to the possession thereof; that said note with the mortgage was placed in the hands of A. H. Keller, cashier of plaintiff bank, as agent by defendant bank acting through Gunhus, its cashier, to be sold for and on its account. The evidence showed a state of facts substantially as follows: Gunhus was cashier of the defendant bank and its managing officer. He was largely indebted in a personal way to the plaintiff bank, and as security to such indebtedness he had given a deed to a tract of land in Pope County, Minn., owned by him. This deed was never recorded. Subsequently thereto he executed to the defendant bank a mortgage on said lands to secure a note of $2,500, and it appears that minute of such note and mortgage was entered by him on the bills receivable book of the bank, and that $2,500 in cash was drawn out by him. This mortgage was never recorded. A short time thereafter Gunhus sold the Minnesota land to Jacobs, and, in part payment, took the note and mortgage in controversy in this action. Otherwise than as above stated, the defendant bank had no interest in said land, but it appears that Gunhus took the note and mortgage in the name of the bank. His reason for so doing is not explained in the evidence. Upon receiving the Jacobs note and mortgage, Gunhus handed them to his assistant in the bank and told him to put them in the case with the bills receivable of the bank, and to take out his (Gunhus') note and mortgage, and this was done. No entry of the transaction was made on the books of the bank, either as to payment of the Gunhus note or the acquisition of the Jacobs note. Almost immediately thereafter, on the same day it would appear, the Jacobs note and mortgage was taken out by Gunhus and given over either to plaintiff bank or to Keller, which is a point in dispute. In respect of the other officers of the defendant bank, it is admitted that they had no knowledge of these matters until long afterwards. Nor did any of the officers of the plaintiff bank have knowledge respecting the Gunhus mortgage to the defendant bank. At the time of the delivery of the Jacobs note to the plaintiff bank or to Keller, Gunhus indorsed the same in blank in the name of the defendant bank, by himself as cashier.

1. Of course, if the Jacobs note was given over to Keller, or to the plaintiff bank, as agent, and simply for the purpose of being sold and the proceeds accounted for, it might consistently be urged that the decree should have been in favor of the defendant bank. Properly enough, therefore, this fact issue may first be disposed of. The evidence relied upon by appellant to support its contention is that of Gunhus alone. He says in direct language that he sent the note down to Keller to be sold, and not to be held by the plaintiff bank as collateral security, and that nothing was said on the latter subject. On the other hand, Keller testified that the note was sent to the plaintiff bank to be held by it as collateral security until such time as it could be sold, and that, when sold, the proceeds were to be applied on the indebtedness of Gunhus to the bank. He also testified that upon receipt of the note he returned to Gunhus the deed formerly held by the bank. The letter of transmittal written by Gunhus is addressed to Keller, but beyond that it throws no light on the question at issue. The testimony of Keller finds corroboration, however, in these facts: Some time after the note was sent to Keller, Gunhus renewed a note obligation held by the plaintiff bank, and in the renewal note—known in the record as Exhibit E—it was recited that the Jacobs mortgage had been deposited as collateral thereto. Of this Gunhus makes no explanation, save that he does not remember about it. Later on Gunhus wrote to Keller, saying: "I would like to get back the bank stock you are holding, also the Pope county mortgage, and in place of that I shall give you a warranty deed of a farm I have in Swift county, Minn. I figure my equity in this farm $3,000. You will then be holding $12,000 in real estate as security." And in a few days, he wrote again, saying: "You may keep the bank stock, but would like to get back the mortgage and give you deed on land, as I must raise some money." No explanation of these letters was attempted to be made by Gunhus. It also appears that the interest on the Jacobs note was collected by the plaintiff bank, and there is no suggestion that the amount of such interest collection was paid over to Gunhus. There is, then, the circumstance of the deed to the land formerly held by the plaintiff bank, and of the fact as testified to by Keller that the same was returned to Gunhus. This com-

prises the evidence on the subject, and, in view thereof, no other conclusion is possible in reason than that the note was deposited as collateral.

2. It is insisted by appellant, however, that, conceding the Jacobs note to have been deposited as collateral, the evidence in the record shows that the obligation of Gunhus which was secured thereby had been fully paid long prior to the commencement of this action. We do not so understand the evidence. It appears from the testimony of Keller that the deposit was as security primarily to a note of $2,000, and, secondarily, to an indebtedness arising out of a sale to Gunhus of some bank stock. The $2,000 note was repeatedly renewed, and finally appears as Exhibit E, one of the notes sued on as against Gunhus in this action. Moreover, the form of the note—said Exhibit E—is that the collateral shall be held as security for the payment of all other debts or obligations due from Gunhus to the bank. That the mere renewal of an obligation to pay money does not have the effect to release or discharge securities deposited as collateral thereto is too well settled to require the citation of authorities.

3. This brings us to the question whether under the circumstances of the case the defendant bank acquired any right in the Jacobs note which should prevail against the plaintiff bank. As we have seen. Gunhus was the sole owner of the land, and the Jacobs note, when taken, was his in full right. And the mere fact that such a note was taken in the name of the bank could not have operation to clothe the bank with any beneficial interest therein. Its right, if any it had, must have arisen out of what was subsequently done by Gunhus upon receipt of the note, as shown by the evidence, and already stated by us foregoing. As it seems to us, the question primarily presenting itself assumes this form: Could Gunhus, debtor, pay his own obligation to the bank through the acceptance by Gunhus, cashier, of the Jacobs note, and in such manner invest the bank with the ownership of that note? And, if this question should be answered in the affirmative, there is the further question arising from the evidence, whether he did, in fact, pay his own obligation by accepting the Jacobs note for the bank, and so that such note became the property of the bank. We think the primary question as stated above must be answered in the negative. As one indebted to the defendant bank, Gunhus occupied precisely the same attitude as any other debtor. It was for him to pay his obligation in cash, and without the consent and approval of the governing body of the bank he would not otherwise cancel, satisfy, or change the same. Most assuredly, he could not act for himself as debtor and for the bank as its managing agent, and in such double capacity agree that another debtor to the bank should be substituted in place of himself. And this is true in accordance with the general rule that, without express consent, a man cannot in one and the same transaction act for himself and as the agent of another; there being a conflict in interest. In such a case the essential element of mutuality is wholly wanting. From this it follows that the act of Gunhus in taking out his own note and substituting in place thereof the Jacobs note had no force to

change the relationship between himself and the bank. Such a change could be legally effected only through the medium of the board of directors, or some duly authorized officer. Of course, the bank might ratify when the act of Gunhus became known, but, as the transaction was of no force until ratified, Gunhus was free in the meantime to make other disposition of the note. This must be so, because, until ratification, the bank in legal contemplation still held the obligation of Gunhus, and it had not become the owner of the Jacobs note. But a ratification cannot operate retroactively so as to effect or cut off intervening rights.

Something is said in argument about the assistant of Gunhus having acted in the transaction for the bank, and hence that the exchange of securities should be sustained. This cannot be; for, according to the evidence, the assistant did only what he was commanded to do by Gunhus. He did not assume to act independently, and, if the evidence were otherwise, there is no showing that he was possessed of any authority. But, if it could be said in reason that the mere act of Gunhus in placing the Jacobs note in the bills receivable case of the bank, and in taking out of such case his own obligation, could be given operation in any event to invest the bank with ownership of the note and extinguish his own obligation, it would be necessary to the validity of the act that it was thus intended. And this would be true on commonest principles. Gunhus as debtor must have intended to pay his own debt, and Gunhus as cashier must have intended to purchase the Jacobs note.

It is not possible to find any such intention in the facts of the case as they are presented.

It does not appear what was done with the Gunhus note, but the mortgage executed by him remained in the bank, and, as we have seen, no entry was made on the books of the payment of such note. And the Jacobs note was not entered on the books at all. It was no sooner put in with the bills receivable than it was taken out and sent to the plaintiff bank to take the place of the deed to the land—which land Gunhus had been able to dispose of in the absence of any record of such deed. Just what in truth was in the mind of Gunhus cannot be told, but it would seem certain that he did not intend to invest the defendant bank with ownership. Something is said in argument about the good faith of the plaintiff bank, acting through Keller. It is said that Keller was president of the defendant bank, and was chargeable with notice of what was done by Gunhus.

It appears that Keller had been a stockholder in the defendant bank, and had been its president. But he had long since sold his stock, and, although it does not appear that his successor as president had been elected, he had ceased to have any active connection with the bank. In the instant transaction he acted solely in the interests of the plaintiff bank, and this without knowledge of any interest on the part of the defendant bank. The mere fact that the note was taken in the name of the defendant bank would not of itself be sufficient, under the circumstances shown, to charge him with notice of interest. He knew of the ownership of Gunhus in the land, and of the security deed held by his bank. Gunhus turned over the paper as his own, and Keller might well have believed that the use of the name of the defendant bank was mere matter of form.

We conclude that there was no error in the judgment, and it is affirmed.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

BILLS AND NOTES—CONSIDERATION—FORBEARANCE—COLLECTION ACT—SALARY OF GOVERNMENT OFFICIAL.

SMITH, ET AL., VS. FRAME (Nova Scotia Reports, Vol. 41, p. 20).

STATEMENT OF FACTS: Plaintiffs recovered judgment against defendant and obtained an order from a commissioner of the court under the Collection Act, after examination, for payment of the debt by installments. Defendant paid the installments for a time as required by the order, and then failing to pay an order was obtained under the Act for an execution to take the body. Defendant having been arrested, applied to a judge of the court under the Judgment Debtors' Act for his discharge. On the recommendation of the judge in favor of a settlement, defendant gave the note sued on.

JUDGMENT (GRAHAM, *E.J.;* MEAGHER, *J.*, AND RUSSELL, *J.*): Held, that the forbearance by plaintiffs in respect to their judgment, and in respect to asking for a remand, constituted good consideration for the making of the note.

At the time of the making of the commissioner's order defendant was in the employ of the Dominion Government as Inspector of Weights and Measures, and it was claimed that the order was illegal and that the arrest was invalid and constituted duress, and that the giving of the note under the circumstances was illegal.

Held, that, in the absence of statutory provisions in the province expressly protecting the salaries of Government officials, it was a question of fact with the commissioner whether or not the making of the order requiring payment by installments would impair the usefulness to the Crown of the official, and that as his order, made under these circumstances, was not a nullity, the note was not illegal for duress or other cause.

BANK — DISCOUNTS AGAINST SALES — GOODS DRAWN AGAINST NOT ACCEPTED—LIQUIDATION OF DRAWER—SALE BY LIQUIDATOR—RIGHT TO PROCEEDS—EQUITABLE LIEN.

IN THE MATTER OF THE SHEDIAC BOOT AND SHOE COMPANY, LIMITED, AND ITS WINDING UP, UNDER THE WINDING-UP ACT AND AMENDING ACTS (New Brunswick S. C. R. Vol. 38, p. 8).

STATEMENT OF FACTS: The S. Boot & Shoe Co. had an understanding with a bank that they would draw on their customers as goods sold were being forwarded and these drafts would be discounted by the bank. Under this arrangement a draft was made on M for certain goods that had been shipped to him at N. M refused to accept the goods and the draft was returned dishonored. It was then agreed between the bank and the company that the manager of the company should proceed to N., take possession of the goods for the bank, and endeavor to get M to accept them. It did not appear what the manager did at N., but he did not induce M to accept the goods, and they remained at the railway station at N. until the S. Co. went into liquidation. It was then agreed between the bank and the liquidator of the company that the latter should take possession and dispose of the goods and hold the proceeds subject to the order of the court.

JUDGMENT (TUCK, *C.J.;* HANINGTON, LANDRY, BARKER AND MCLEOD, *J.J.*)*:* The court has decided to direct that the money rightly belongs to the bank; that inasmuch as the manager of the bank had agreed with the manager of the Boot and Shoe Company and one of their directors that he, the company's manager, should go up and take possession of these goods for the bank, the bank had not only acquired in those goods an equitable title, but had actually acquired perhaps a positive title because of the fact of his going to take possession for the bank, and further, that the agreement between the bank and the liquidator for the sale of the boots and shoes afterwards did not change the right of the bank to the proceeds, as it might originally had they themselves disposed of them. Therefore, the decision is that the money should go to the bank and not to the liquidator.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

CHECK—PAYMENT TO OTHER THAN PAYEE.

RALEIGH, N. C., Sept. 24, 1907.

Editor Bankers' Magazine:

SIR: Recently a check was cashed here by a bank in favor of John Smith; the wrong John Smith got hold of the check and cashed it. I have seen several decisions on the point in question, but cannot put my hand on them now. I think the majority of the decisions claimed that there has been no payment, but the paying bank contends otherwise and is so advised by its lawyer. Please be so kind as to cite us the cases pro and con bearing on this point. CASHIER.

Answer.—The leading case upon the subject is Mead vs. Young (4 Term Reports, 28) decided by the Court of King's Bench in 1790. In that case a bill of exchange drawn at Dunkirk upon the defendant in London, payable to "Henry Davis, or order," and deposited in the mail, got into the hands of another Henry Davis than the one in whose favor it was drawn. The defendant accepted the bill, and when Davis desired the plaintiff to discount it, the latter applied to the defendant to know whether or not it was his acceptance, and, on receiving an answer in the affirmative, coupled with an assurance that it was a good bill, the plaintiff discounted it, not knowing the H. Davis from whom he took it. On the trial the defendant offered evidence to show that the H. Davis who indorsed to the plaintiff was not the real H. Davis in whose favor the bill was drawn. This evidence was rejected by the court, and the plaintiff recovered a verdict; but afterwards a new trial was ordered upon the ground that such evidence should have been admitted. Ashhurst, J., said: "In order to derive a legal title to a bill of exchange, it is necessary to prove the handwriting of the payee; and therefore, though the bill may come by mistake into the hands of another person though of the same name with the payee, yet his indorsement will not confer a title. Such an indorsement, if made with the knowledge that he is not the person to whom the bill was made payable, is in my opinion a forgery; and no title can be derived through the medium of a fraud or forgery." And Buller, J., said: "I am of opinion that it is incumbent on a plaintiff who sues on a bill of exchange, to prove the indorsement of the person to whom it is really payable. * * * Now, here it is clear that the indorsement was not made by the same H. Davis to whom the bill was made payable; and no indorsement by any other person will give any title whatever. * * * If any other stranger had received this bill, and indorsed it over to the plaintiff, it is not pretended that such indorsement would have conveyed any title to the bill; and it cannot make any difference whether such stranger bear the same name with the real payee or not; for no person can give title to a bill but he to whom it is made payable."

CHECK — GUARANTY OF INDORSEMENT.

Brodhead, Wis., Oct. 4, 1907.

Editor Bankers' Magazine:

Sir: Is it necessary to return the check, of which the following is a copy, for guaranty of indorsement, or does the stamp of the indorsing bank guarantee the authority of H. G. to sign for E. R. Quinlan?

The Farmers and Miners Bank.
Pay to the order of E. R. Quinlan——————$100.00
One hundred no-100——————————Dollars.
No. 4376. E. T. Smith.
Indorsed: E. R. Quinlan, per H. G.
Pay to the order of
any Bank or Banker.
First National Bank,
New York, N. Y. Cashier.

Answer.—The general rule is that where the drawee bank has paid a check upon which the payee's indorsement has been placed without his authority, the amount of the payment may be recovered from the bank which presented the check and received the money thereon. The right of recovery in such a case does not rest upon any liability of the presenting bank as indorser, but upon the ground that the money has been paid under a mistake of fact. (Canal Bank vs. Bank of Albany, 1 Hill [N. Y.] 287; Bank of Commerce vs. Union Bank, 3 N. Y. 230; National Park Bank vs. Ninth National Bank, 46 N. Y. 77; Third National Bank vs. Allen, 39 Mo. 310; Rouvant vs. San Antonio Nat. Bank 63 Tex. 610.) For the rule that an indorsement operates as a guaranty of all prior indorsements applies only to those who *negotiate* commercial paper, and a bank which presents a check for payment, whether by messenger, or through the clearing-house, or by mail, is not, in the proper sense of the term, an indorser, but occupies the position of any other holder making presentment for payment. In the case stated in the inquiry, therefore, the paying bank could recover from the bank making presentment the amount paid on the check, if it should turn out that the name of the payee had been placed on the check without his authority, and this, whether that bank had indorsed the check or not. A guaranty of the prior indorsement is, therefore, not strictly necessary. If, however, the paper is indorsed over to the bank making presentment "for collection," then a guaranty of prior indorsements is essential to the proper protection of the paying bank, since in such a case the bank receiving the payment will not be liable as for money paid under mistake after it has turned over the proceeds to its own principal. (Nat. Park Bank vs. Seaboard Nat. Bank, 114 N. Y. 28.)

HOLIDAYS IN NEW YORK.

New York, Sept. 27, 1907.

Editor Bankers' Magazine:

Sir: Please inform me whether November 5, 1907, will be a legal holiday in this State? A. B.

Answer.—The Statutory Construction Law provides as follows: "The term holiday includes the following days in each year: The first day of January, known as New Year's day; the twelfth day of February, known as Lincoln's birthday; the twenty-second day of February, known as Washington's birthday; the thirtieth day of May, known as Memorial Day; the fourth day of July, known as Independence Day; the first Monday of September, known as Labor Day, and the twenty-fifth day of December, known as Christmas Day, and if either of such days is Sunday, the next day thereafter; each general election day and each day appointed by the President of the United States or by the Governor of this State as a day of general thanksgiving, general fasting and prayer, or other general religious observances. The term half-holiday includes the period from noon to midnight of each Saturday which is not a holiday." (Section 24, as amended by Laws 1897, ch. 614.) And by the Election Law it is provided that "A general election shall be held *annually* on the Tuesday next succeeding the first Monday in November." November 5, 1907, will, therefore, be a holiday in the State of New York; and by the provisions of the Negotiable Instruments Law (sec. 7) paper falling due on that day will be payable on the next succeeding business day, that is to say, on November 6.

PERSONALITY IN THE BANKING OFFICE.*

BY HAROLD A. DAVIDSON.

SECRETARY AND GENERAL MANAGER HOME TRUST COMPANY OF NEW YORK.

MUCH has been said and written on personality in banking. So far as can be remembered at this time, the consideration of the subject has been only upon the general attitude of the bank and its staff to present or prospective customers. It might be of interest to take up briefly the details of the relations of the bank and its employees to each other, pointing out and illustrating the determining influences which mark clerks for promotion and progress. In other words, to define those features of personality which lead to success.

Promotions to-day do not as a rule go by length of service, as is indicated by the number of grey-haired clerks to be seen in every bank, working on the books, or in the cages. Influence is not in the majority of cases the determining factor, as the vast number of officials who have risen from the ranks prove. Other reasons exist. Evidently some particular fitness has been the cause, and a brief analysis of the requirements which every employer considers necessary may be helpful to determine in just what that fitness consists.

Aside from the necessary qualifications of honesty and sobriety, our reasoning indicates to us three general features, which may be best illustrated by personal experiences.

In the trust company in which the writer is particularly interested, the men are asked and expected to make suggestions for the better handling of their own work, for improvement in method and for the extension of the business of the bank. Due credit is given for every suggestion made, whether such be found feasible or not. We consider ourselves specialists in system and had settled down into a complacency born of assurance that our methods and equipment were very much "up to date," when a clerk who had come to us from a little country bank gave us a distinct jar by suggesting an entire change of system in our general books.

To us the general ledger was not to be even mentioned lightly, and to propose a change in that book was almost sacrilege. However, we examined his system, and were aghast to realize that such an improvement could have been made and we not appreciate it. By adopting his system, we have saved to each of the general bookkeepers in our three offices two hours a day, a total of six hours, a day's work for a high-priced man. The clerk who made the suggestion is now an officer of the company.

Another man in our employ shook us up nearly as much by laying out a very original system of records of securities, in which he made use of knowledge gained in a Wall Street bond house.

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* A portion of an address delivered before the Brooklyn chapter of the American Institute of Banking.

These examples will indicate that quality which to our mind is the first feature of personality necessary to success. It is that a man must think. He must not only think intelligently, but must think along the lines of his business; and, above all, must see the result and the best method of obtaining it. He should have courage and ability to see and adopt a short cut and must throw off the so common idea that in the per-

HAROLD A. DAVIDSON,
Secretary and General Manager Home Trust Company of New York.

formance of routine obligations lies the whole duty of man. In other words, he must be able to "get there."

Study Should Be Along Practical Lines.

No man can think without exercising and educating his mind, and if he studies banking methods he will think more wisely and understandingly. To this end the reading courses laid down by certain associations are good, while an examination of methods in use in metropolitan banking institutions is better. It is essential to keep in mind that study is not the end, but only the means to an end. Any plan by which practical bank work becomes subservient to mere theoretical knowledge disqualifies a man at once and injures rather than brightens his prospects.

One of our clerks was a bright and intelligent man, but so poor a bank clerk that he was allowed to resign. Before he left, he exhibited a newspaper containing an article written by himself on "Great Britain's Treatment of Her Colonies," which had received favorable notice. His study was at the expense of his work.

There were two young men in the same bank, one who neglected his work to read and discuss questions of finance, the other, most industrious, but reading only as the average bank clerk does read. It was said of them that when the moving platform was installed on the Brooklyn Bridge, the first man would sit down on the leisurely moving platform, while the other would take the rapid one and run. After many years the first man holds the same position and salary, while the other has recently been offered a vice-presidency in a bank.

These stories only serve to repeat the importance of that feature of personality which we consider so essential—ability to think and to accomplish results.

The second qualification is easily recognized, and yet is so often wanting that it more than any other adds the grey hairs of worry to the heads of the manager and the chiefs of departments.

Our messenger was sent to a customer, asking him to call on a matter of importance. When the party sent for did not appear, the messenger was summoned, and stated in answer to the inquiry, that when he called the customer was not in. We did not want to know that, we wanted the man, and it was the messenger's duty to get him.

Our telephone operator was asked to call up the cashier of a downtown bank. At the close of business, while passing over in mental review the day's affairs, it was suddenly recalled that the conversation had not been had. The operator, when questioned, said that the wire was busy. We did not care anything about the wire; we wanted the cashier, and the operator should have made it a duty to accomplish the instructions given.

Illustrations of this kind could be prolonged *ad infinitum*, but the examples given indicate the point. Officers who intrust to clerks the responsibility of details must be assured that such will be properly performed. The second requisite, therefore, we could state as dependability and thoroughness.

The third qualification is one which is at once the joy and despair of bank officials—joy when any clerk indicates its possession, and despair that so few of them have any idea of it.

One of our solicitors was given an official list, and long before closing time was seen in the office doing nothing. He had completed his list. If that man had possessed that feature of personality we are now considering, he would have had a list of his own when the bank list was completed.

At the opening of a branch trust company office there was much confusion and litter caused by delayed mechanics. The manager arrived late, and found his office in a most untidy condition. The floor man was asked why it had not been put in order, and responded that the desks were too heavy for him to lift. The officers' messenger was questioned why he had not seen to it, and answered that he didn't know it was his business. Finally as an object lesson, the entire office force was summoned and asked if there was not one among them all who had "gumption" enough to have the office cleared before the officers arrived. They looked at each other in astonishment; it had never occurred to them. A few vigorous remarks, a united effort, and in three minutes the work was done.

A case of an office manager recently came to our notice. He was a very hard worker, constantly looking for new business, and putting plans for such into effect, as well as taking full responsibility for work and management. He found that in cases of his absence, his assistant, who was thoroughly familiar with the duties of the position, did nothing about new business, evolved no new ideas or methods, and conducted the business by routine, the office running automatically.

The quality which the assistant lacked, which the clerks in the branch office did not exhibit, and which was wanting in the solicitor, is rarely found in any banking office, and yet is one which determines more than any other qualification the promotion of a clerk to an official position. It is that peculiar feature of the make-up of some people which is called "initiative." Its possession denotes both elasticity of mind and attention to business in that having the ability to see possibilities, the practical knowledge of duties permits the transformation of such into actualities of benefit. It is the broad and honorable characteristic of every successful business man; great generals must possess it, while the extent of power and influence enjoyed by statesmen is often determined by the fact that in their make-up, as a salient feature of their personality, is found a greater or less degree of that singular quality, "initiative."

An article on banking personality could be made very academic. The writer has tried to get away from beaten paths and to indicate simply and practically the qualifications which bank officials consider in making selections. There are special features in every case of promotion, none of which have a place in an article of this nature. Analysis will show, however, that aside from particular fitness for positions requiring special duties, ability to attain results in the manner best fitted for the bank's interests, the accomplishment of duties carefully and thoroughly, and the possession of the inventive quality of initiative, are the determining features of promotion.

In the original address made by the writer upon this topic, he stated that he realized fully the discouragements and deadly feeling of failure which the "demnition grind" at the ledgers, in the cages and on the street meant to the ambitious clerk. He asked that it be remembered, however, that while the difficulties in the lot of clerks were many, they were nothing to those of the officers, who, in addition to their own troubles and responsibilities, so often were obliged to rely upon careless clerks for the performance of duties, proper attention to which had been the reason for their own promotion. He also left as a bit of advice a word given him more than twenty years ago by the late Ripley Ropes upon his entering the banking business, as an office boy in that gentleman's employ: "Young man, always anticipate your employer's requirements."

PRACTICAL BANKING

REPORTS ON ACCOUNTS.

BY JAMES P. GARDNER.

THE importance of prompt reconcilement of the monthly statement between banks cannot be emphasized too strongly. It is in this adjustment that the work of the month is summed up, and the countless entries verified.

Jno. C. Anderson, President
Jno. H. Caldwell, Vice Prest

Depositary of the United States Government, State of Tennessee, and City of Bristol.

Chas W. Walden, Cashier
Jas W. Lynn, Asst Cashier

The First National Bank,
OF BRISTOL
CAPITAL $100,000.00 PROFITS $25,000.00
Bristol, Tenn.-Va.

Gentlemen

Your transcript of this Bank's account showing balance of $________ due ______ at close of business on __________ 190__ agrees with our books with exceptions noted below.

Respectfully,

________________ *Cashier.*

Date	We debit you do not credit	Date since credited by us	Total Debits	Date	We credit you do not debit	Date since charged by us	Total Credits
	Remittances in transit.				Drafts outstanding.		
	You debit (we do not credit).				You credit (we do not debit).		
					Interest for month of		
	Books of First National Bank of Bristol show balance to your credit.				Books of First National Bank of Bristol show balance to your debit.		
	Your books show balance to credit of First National Bank of Bristol as per your transcript.				Your books show balance to debit of First National Bank of Bristol as per your transcript.		
	PROOF,				PROOF.		

☞ We earnestly request that this reconcilement be promptly examined, and any discrepancy that may exist reported to The First National Bank of Bristol within one week from its receipt.

FIG. 1.

It should be the definite duty of the accountant, auditor, or of whatever officer of the bank is entrusted with the adjustment of accounts, to examine carefully the reports on account as they are returned to the bank, and to note carefully the following requirements:

(1) That the statements are signed officially by an officer of the bank, by a member of the firm, if the account be that of a firm, and by the proper officer if a corporation account. This assures the bank that the matter has been brought to the personal attention of the right person.

(2) That the balance indicated on the statement has been checked as correct or any discrepancy noted by the bookkeeper and bears his initials to that effect.

(3) That all "exceptions" are promptly hunted down and adjusted as soon as possible, with all the data appertaining thereto placed before the adjuster showing the cause of the error, and the manner of its correction. A letter of explanation concerning the error should be written if the occasion calls for it.

(4) Accounts should be watched to see if they report regularly, and in the event of a bank or firm persistently ignoring the request to report on their account, a personal letter to the president or cashier should be forwarded, calling to his attention the importance of doing so.

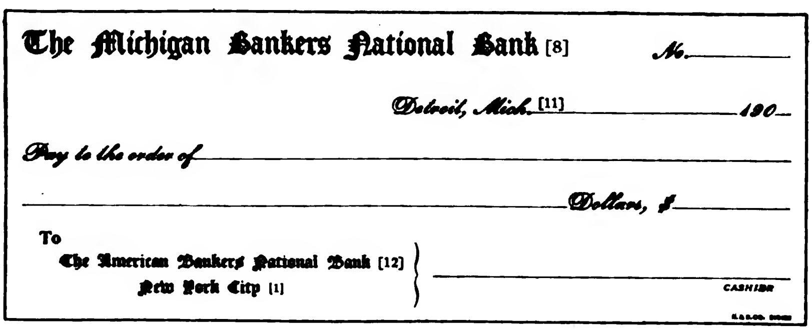
Care should be given in referring to "differences" to indicate clearly wherein the accounts disagree, and if dates and numbers and a complete description of the items in dispute are furnished, much saving of time will result

A form of Report on Account embracing many features of practical value, and one in use by a Tennessee bank, is given in Figure 1.

PROPOSED BANK DRAFT.

HEREWITH is presented a proposed form of bank draft, submitted to the recent meeting of the Clearing-House Section of the American Bankers' Association.

It is proposed to have the clearing-houses of the country numbered in the same way in which members of each clearing-house are now num-


The Michigan Bankers National Bank [8] No. ____

Detroit, Mich. [11] ____ 190__

Pay to the order of ____

____ Dollars, $____

To

The American Bankers National Bank [12]

New York City [1]

____ CASHIER

bered, the banks of the country to be furnished with both sets of numbers to be used in entering, listing and reporting items. The great advantage of such a system of simplification of method, the saving in time and work, are obvious.

THE NEW SECRETARY OF THE AMERICAN BANKERS' ASSOCIATION.

COL. FREDERICK E. FARNSWORTH, who was elected secretary of the American Bankers' Association at the recent convention held at Atlantic City, N. J., is a native of Michigan, having been born in Detroit, where he has always resided.

Early in life, he began business in the boot and shoe line with his father, but owing to the ill-health of the senior, was obliged to take entire charge of the concern, which had been established a great many years. This position he retained for fifteen years, until ill-health compelled a change. He was a successful business man and built up a trade which was, at the time of his retirement, the largest in Detroit in that line.

Colonel Farnsworth was identified with the Art Loan Association of Detroit when organized in 1883, and was appointed its general secretary and executive officer. A building was erected for the express purposes of the exhibition, and the undertaking was a success financially and from an art standpoint. From this movement was organized the Detroit Museum of Art, Colonel Farnsworth being one of the forty incorporators, and its first secretary, which position he has held and now holds, having served over twenty years.

Recognizing his executive ability, he was chosen secretary of the Michigan Club in 1887, holding this position for about ten years. The club was one of the prosperous Republican clubs of the United States.

During the period that Colonel Farnsworth was secretary of the Michigan Club, he was appointed city assessor by Mayor Hazen S. Pingree, holding the position over six years. On his retirement from this latter position and the Michigan Club, he was to have been appointed national bank examiner for Michigan, but chose instead the position of cashier of the Union National Bank. His administration of the affairs of the bank were eminently satisfactory, and the business of the bank was increased over three-fold during his incumbency. The bank had not paid dividends for several years, although its assets were good. Colonel Farnsworth soon had the bank on a dividend-paying basis. After several years' connection with the bank as cashier, he voluntarily gave up banking and became active in several business enterprises in which he was interested, retaining his position as director of the bank. This action necessitated his leaving Detroit, and he took up residence in the northern part of the State, but was retained by the bankers of Detroit and Michigan as secretary of the bankers' associations. His connections in Detroit, however, brought him frequently to that city, and he returned to Detroit on April first last.

Colonel Farnsworth has had time, during his active business life, to be closely identified with many of the public enterprises of the city of Detroit, more particularly the citizens' committees, which have had charge of various national reunions, annual meetings and conventions, which have been held in the city during the past few years: Having usually been appointed general secretary, there has always been thrown on him a large amount of executive work, which has been performed to the satisfaction of those interested in the city at large.

COL. FRED. E. FARNSWORTH,
Secretary American Bankers' Association.

When the Detroit Fair and Exposition was founded, and gave its first large exposition, Colonel Farnsworth was appointed assistant treasurer.

Early identifying himself with the National Guard of Michigan, before the conclusion of his service, after serving in various capacities, he was appointed on the staff of Governor Luce as a member of the State

Military Board, and its treasurer. Colonel Farnsworth, as a resident of Detroit, also had charge of the department devoted to the old soldiers of the Civil War and the Soldiers' Hospital Fund of Detroit.

He was nine times elected secretary of the Michigan Bankers' Association. This organization has been very successful under his administration, in increase of membership, financial standing and importance. He has also been secretary and treasurer of the Bankers' Club of Detroit for seven years.

Colonel Farnsworth is the father of the organization of Secretaries of State Bankers' Associations, as it was through his suggestion that this organization was created. He has been secretary of this organization since its inception.

In 1899, the Conference of Clearing-Houses of the United States was organized through the efforts of the Michigan Bankers' Association. Colonel Farnsworth has always been its executive officer as secretary.

In a general way, Colonel Farnsworth is well known in Detroit and throughout the State of Michigan, with the reputation of being a clean, upright citizen. His acquaintance is also quite extensive throughout the United States, having made many friends at the conventions of the American Bankers' Association and on other occasions. He is in the prime of life, married, with family of wife and two boys. With his executive and business experience, his life has been broadened by his interest in art, literature, music and travel. He has traveled extensively through that portion of the United States east of the Mississippi, Canada and the West Indies, Great Britain and the Continent. He is easy and agreeable in manner and always courteous.

THE FACE ON THE COINS.

FROM the "New York Times" comes the following:

"Mary Cunningham, whose face is to appear on the coins designed by Saint Gaudens, is a waitress in the little town of Cornish, near Windsor, Vt. She was born in Ireland about twenty-six years ago, and she has not been very long in this country. Before going to Vermont she served as a waitress in Boston.

About a year and a half ago the United States Government decided that it needed some new coins, and Saint Gaudens was the sculptor selected to design them. He had considerable difficulty in finding a model to meet his requirements, and many beautiful girls were rejected by him before he met the Irish waitress, Mary Cunningham. He was spending the summer at Cornish when he saw her.

She waited on him at table, and he almost immediately decided that hers was the face for the new coins. She demurred, and it was only after great persuasion that he succeeded in getting her to pose. She had never done anything of the kind before and has no ambitions to be an artist's model now. She simply let him copy her face because he was so very much in earnest, she said.

Mary Cunningham's classic face will appear on three coins, the one-cent piece, the ten-dollar gold piece, and the twenty-dollar gold piece."

COL. J. D. POWERS,
President American Bankers' Association.

MARLBOROUGH-BLENHEIM HOTEL.—CONVENTION HEADQUARTERS.

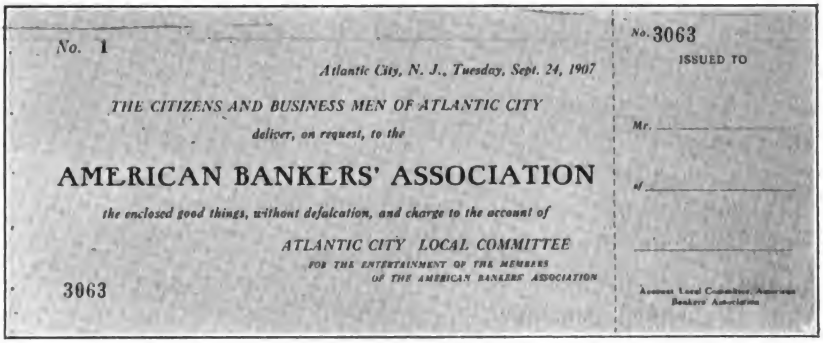
AMERICAN BANKERS' ASSOCIATION.

THIRTY-THIRD ANNUAL CONVENTION.

ATLANTIC CITY, New Jersey, entertained the thirty-third annual convention of the American Bankers' Association from September 24 to 27 and did it so royally that the convention came very near being eclipsed by the many attractions of the great seaside resort. Behind the counter or within the seclusion of executive offices the banker is apt to be sedate and dignified, but away from home he does not differ much from anybody else intent on having a good time. It was therefore no surprise to see the bankers at Atlantic City contemplating their thin, fat or headless bodies in the trick mirrors, buying cheap jewelry, exploring the "cave of the winds," exhibiting themselves as "Wall Street bears" or "baby elephants," applauding the eccentric antics of the contestants in the "cake-walk," indulging in roller-skating and pursuing pleasure in the numerous forms in which it is offered at the seashore. That the social and other diversions which are a prominent feature of every convention interfere with the serious work to be done, is an old story. One way to remedy this would be to adopt the philosophy of this maxim: "If drinking whiskey interferes with your business, give up business." The real work of the conventions might be abolished, reduced to a minimum or left to the few who take no delight in the frivolities that mark these annual gatherings. Perhaps, when all things are considered, matters had better be allowed to remain as they are. Those who want to listen to the reports, papers, addresses and wranglings over the constitution find nothing in the present arrangements to hamper them in their attendance at every session, while the more festively inclined may seek refreshment and entertainment as they choose. True, this freedom does interfere quite seriously with the attendance. It is doubtful if at any one time half those who are present in the place where the convention is being held could be found in attendance at the meetings. Perhaps on

LEWIS E. PIERSON,
Chairman Executive Council American Bankers' Association.
(President Irving National Exchange Bank, New York.)

the first day there may be a fairly large attendance, but it soon dwindles away to almost nothing. This has been the rule at practically every convention for years, and the experience at Atlantic City was no ex-



No. 1

Atlantic City, N. J., Tuesday, Sept. 24, 1907

THE CITIZENS AND BUSINESS MEN OF ATLANTIC CITY

deliver, on request, to the

AMERICAN BANKERS' ASSOCIATION

the enclosed good things, without defalcation, and charge to the account of

ATLANTIC CITY LOCAL COMMITTEE

FOR THE ENTERTAINMENT OF THE MEMBERS OF THE AMERICAN BANKERS' ASSOCIATION

3063

No. 3063

ISSUED TO

Mr. ________

of ________

____

Account Local Committee, American Bankers' Association

ception. A notable example was furnished by the currency discussion, which took place before a beggarly array of empty benches. Yet there was plainly a marked interest in this debate. When the convention met in the morning, the seats were pretty well filled, but practically the entire forenoon was consumed in considering constitutional amendments, so by the time this work was finished the hall was nearly empty. If the proceedings had been conducted with a little more care, the currency debate could have been held at the morning session and the work of amending the constitution carried over to the afternoon. Then, too, about the time the currency matter came up, a clambake was scheduled to take place, and when it came to a choice between currency and clams many of the delegates—the majority of them, in fact—succumbed to the latter. *Chacun a son gout.*

Only hypercriticism would deny great success to the Atlantic City convention of the American Bankers' Association. Despite the almost innumerable social attractions and amusements much important work was done. Many able papers were presented before the savings bank and trust company sections and at the sessions of the main body itself. The reports read or filed showed that the officers and committees have been active during the past year, and with good results.

But the achievement which will make the Atlantic City convention memorable in the history of the association was the adoption of the plan for a credit currency, as presented in Mr. Hepburn's able report. This action commits the national organization of bankers in the United States to the principle of issuing bank notes based on the general credit of the banks instead of requiring the deposit of bonds as special security. The event is significant, for it affords strong probabilities of the early abandonment of the present method of issuing bank notes, handed down to us from the Civil War period.

The American Bankers' Association has rendered important and valuable service to the cause of sound money, as is witnessed by the action taken in opposition to the free coinage of silver, and by the adoption of the Hepburn report at the recent convention.

By enlarging the executive council, the cause of considerable dissatisfaction will be removed, and the governing body will be more representative.

An incident of the convention was the change made in the office of secretary, Col. James R. Branch, who has held the office continuously for a number of years, being superseded by Col. Fred. E. Farnsworth of Detroit.

A SURVEY OF THE PROCEEDINGS.

APPROPRIATELY enough, the sessions of the convention were held at the Million Dollar Pier—the hall, however, being much larger than necessary.

President G. S. Whitson, vice-president of the National City Bank, New York, called the bankers to order, and Rev. William J. Blatchford of Atlantic City made a prayer. Governor Stokes being absent, the address of welcome was delivered by Harry Bacharach, postmaster of Atlantic City. Although in previous years it had been the custom to have three addresses of this character, nobody seemed to miss the other two, and Postmaster Bacharach made everybody feel welcome; and besides the time that the two other addresses would have consumed was saved.

President Whitson made a brief and admirable address. After reviewing the work of the year, he said:

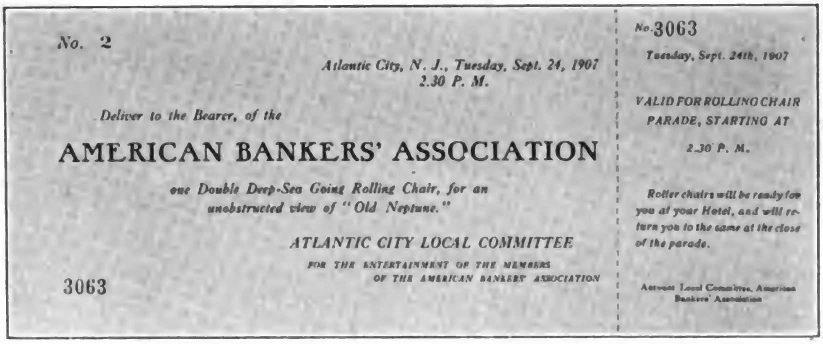
"I refer with pride to the great measure of integrity which has marked the management of our financial institutions and the marvelous resources of our country.

Our mines have been yielding treasures as lavishly as our fields, and, not only have the toilers of the soil been blessed with abundant crops for which there was a ready market, but the resources of our merchants and our manufacturers have been taxed to the utmost; and the banker, too, has had a period of prosperity.

But even as the most sanguine cannot expect these conditions to go on forever, let us stop and ask ourselves if the pace has not been too rapid and if it is not the time for us to impress upon our friends not only the wisdom, but the absolute necessity, of curtailment; and whether we, as prudent business men, are prepared or preparing to meet this change when it confronts us. We know that this cannot be accomplished in a day or in a week; the age we live in is an extravagant one, and so would it not be well to be guided by that old and very wise saying, 'In times of peace prepare for war,' and take a reef in our sails while the sky is clear and the water smooth, so that when the tide runs strong or storm comes it will find us prepared not only to ride the waves in safety, but ready to carry out at all times to the fullest extent the functions for which we as bankers were created."

Secretary James R. Branch's report gave a concise account of the year's activities, and contained the following facts in regard to the association's growth:

"Four hundred and thirty-four members were erased from the roll through failure, liquidation, consolidation and withdrawal. This brought the membership, September 1, 1906, to 7,949; 1,302 members have


No. 2

Atlantic City, N. J., Tuesday, Sept. 24, 1907
2.30 P. M.

Deliver to the Bearer, of the

AMERICAN BANKERS' ASSOCIATION

one Double Deep-Sea Going Rolling Chair, for an unobstructed view of "Old Neptune."

ATLANTIC CITY LOCAL COMMITTEE
FOR THE ENTERTAINMENT OF THE MEMBERS OF THE AMERICAN BANKERS' ASSOCIATION

3063

No. 3063
Tuesday, Sept. 24th, 1907

VALID FOR ROLLING CHAIR PARADE, STARTING AT

2.30 P. M.

Roller chairs will be ready for you at your Hotel, and will return you to the same at the close of the parade.

joined the association since that date. This breaks last year's record of 1,043, being 259 more members than ever joined the association during any fiscal year since its organization. The paid membership at close of business August 31, 1907, was 9,251. The aggregate capital, surplus and deposits of these members amount to $12,818,134,304.

The membership and resources of the association have increased as follows:

	Paid Membership.	Annual Dues.
September 1, 1875	1,600	$11,606.00
September 1, 1885	1,395	10,940.00
September 1, 1895	1,570	12,975.00
August 31, 1905	7,677	127,750.00
August 31, 1906	8,383	137,600.00
August 31, 1907	9,251	150,795.00
Interest on the following bonds: $10,000 4 per cent. Government bonds of 1925, $30,000 Atchison 4 per cent. bonds of 1995, $50,000 C., B. & Q. Ill. Div. 4 per cent. bonds....		3,600.00
Interest on bank balance		996.11
Making the total income		$155,391.11"

A. A. Crane, cashier of the Northwestern National Bank, Minneapolis, made his report as treasurer, showing receipts for the year of $151,663.20, and a balance on hand, August 31, 1907, of $5,771.54.

Reports were then presented, as follows: The auditing committee, by George M. Reynolds; the standing protective committee; the committee on uniform negotiable instruments law, by Edward D. Keys, chairman; the board of trustees of the American Institute of Banking, by E. D. Hulbert, president; bill of lading committee, by Lewis E. Pierson, chairman; and the report on the standing law committee, which follows:

REPORT OF STANDING LAW COMMITTEE TO AMERICAN BANKERS' ASSOCIATION, 1907.

To the American Bankers' Association:

The Standing Law Committee begs to submit the following report of work undertaken and results accomplished since the last convention of the Association.

During 1907 forty-one legislatures have held sessions. The Committee, through its counsel and secretary, has been in active communication with secretaries and legislative committeemen of various State associations of bankers and others with reference to the enactment of needed laws.

Legal opinions have been given in a number of cases as to the legality and desirability of various proposed laws, numerous drafts of statutory provisions have been framed, at the request of legislative workers, and information has been furnished as to the existence and status of legislation in the different States affecting banking and commercial matters.

Early in the year the committee caused to be prepared, printed, and circulated in pamphlet form, drafts of certain proposed laws which it recommended for enactment in the different States. These proposed laws

(1) prescribed a short time limit of liability of bank to depositor upon payment of forged or raised checks;

(2) provided for recovery of payments on forged checks in certain cases and regulated liability upon certification of forged checks;

(3) provided for the payment of time instruments made payable at a bank;

(4) made it competent for a notary who is a stockholder or officer of a bank to take acknowledgments or to make protests in certain cases;

(5) provided a uniform law relative to stock transfers;

(6) provided an act relative to the payment of deposits in the names of two persons, whether the other be living or not;

(7) defined the crime of burglary with explosives and its punishments and

(8) provided that, for the purpose of calculating interest, 360 days may be considered a year.

The committee has conducted a large and extensive correspondence upon the above and numerous other matters of proposed legislation in the different States, and has served as a bureau of information with reference to all matters of statute law governing banking and instruments of commerce, now existing or in prospect, in all the States.

LEGISLATION ACCOMPLISHED.

Among the important matters of legislation accomplished during the present year by bankers' associations throughout the country, in which work the Standing Law Committee has, to a large extent, co-operated, are:

The uniform Negotiable Instruments Law has been enacted in the States of Alabama, Illinois, and West Virginia, and in the Territory of New Mexico.

The uniform Warehouse Receipts Act, which was recommended by this committee, has been enacted in Connecticut, Illinois, Iowa, Massachusetts, Montana, New Jersey and New York.

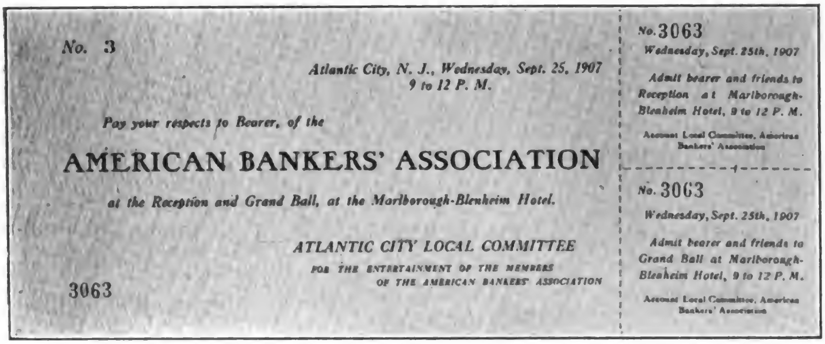
The uniform Law of Sales has been enacted in Arizona, Connecticut and New Jersey.

General banking laws have been enacted in Oregon and Washington: important laws for the regulation and supervision of banks and creating State bank commissioners have been passed in Colorado, Missouri, and West Virginia; the Austin Bill, regulating State banking, has been enacted in Illinois, but must be submitted to vote of the people; Pennsylvania provides for receipts in full for moneys received by all institutions under supervision of the bank commissioner, statement of liabilities in all reports and full statement of moneys borrowed placed on the books; and certain provisions regulating banking have become law in the Territory of Arizona.

A new trust company law has been enacted in Maine, the trust company law of Kansas has been amended, the law as to capitalization of trust companies in Massachusetts has been changed, and security deposits of trust companies in Minnesota have been regulated.

Florida has provided for the examination of State banks by State examiners, and Michigan has passed a law providing for examinations by committees of directors or stockholders with report to State Banking Department; the Bank Examiner Law of California has been amended, and Kansas has changed its law as to the eligibility of the bank commissioner.

Express companies have been made subject to the Banking Act in Kansas.


No. 3

Atlantic City, N. J., Wednesday, Sept. 25, 1907
9 to 12 P. M.

Pay your respects to Bearer, of the

AMERICAN BANKERS' ASSOCIATION

at the Reception and Grand Ball, at the Marlborough-Blenheim Hotel.

ATLANTIC CITY LOCAL COMMITTEE
FOR THE ENTERTAINMENT OF THE MEMBERS
OF THE AMERICAN BANKERS' ASSOCIATION

3063

No. 3063
Wednesday, Sept. 25th, 1907
Admit bearer and friends to Reception at Marlborough-Blenheim Hotel, 9 to 12 P. M.

No. 3063
Wednesday, Sept. 25th, 1907
Admit bearer and friends to Grand Ball at Marlborough-Blenheim Hotel, 9 to 12 P. M.

A General Reserve Fund Law, which includes trust companies, has been enacted in Pennsylvania, and the capitalization of banks has been regulated in Colorado, Illinois, and Nebraska.

A uniform double liability of stockholders of all banks, trust companies, and savings institutions, with supervision of all such institutions by the bank examiner, has been provided in Montana, and double liability of stockholders of banks of deposit and discount (unless "single liability" is advertised) in Minnesota.

Loans to bank officers have been regulated in Montana and Iowa; the laws limiting loans to a single borrower have been amended in Minnesota and Wyoming; limit of indebtedness of State and savings banks has been prescribed in Iowa; the amount of surety bonds for county and State deposits has been reduced in Nebraska; authority to pay deposits to minors is provided in Kansas; protest fees are regulated in Montana; punishment is provided for false reports and entries in Pennsylvania, for the receipt of deposits when insolvent in Montana, and for false statements and circulation of false rumors derogatory to a bank in New Jersey.

A Depository Law has been enacted in Indiana.

The use of bank names and titles is regulated in Colorado, Montana, Oregon, and Washington.

Savings deposits in banks other than savings banks must be invested in accordance with the laws governing savings bank investments in Connecticut; life insurance by savings banks is provided, and transaction of savings bank business by foreign banks regulated, in Massachusetts, and publication of unclaimed deposits is provided for in Oregon.

Foreign banking is prohibited in New Jersey except to the extent New Jersey banks are allowed to do business in the State or country of the foreign bank.

New tax laws have been enacted in Indiana, Washington, and West Virginia; fairer and more reasonable methods of bank taxation have been established in Montana; a more efficient and equitable system for the taxation of bank stocks, shares, and banking capital has been provided in Oregon; and a new tax commission has been created in Kansas. In Montana the license tax on State banks (not collectible of national banks) has been removed.

Laws regulating private banking have been enacted in Colorado, Indiana, Minnesota, Pennsylvania, West Virginia, and Wyoming. Also in Oregon and Washington as part of the general banking law.

The law proposed by the Standing Law Committee, limiting the time of liability of a bank for payment of a forged or raised check to one year, has been enacted in Michigan. Also in Oregon, with a time-limit of thirty and in Washington of sixty days. In New Jersey, the law passed both houses, but the Governor thought that the change from six years to one year too much of a reduction, and vetoed the bill.

The law defining and punishing burglary with explosives recommended and circulated by the Standing Law Committee has been passed in Colorado, Michigan, Montana, Nebraska, New Jersey, North Dakota, Oregon, and South Dakota. The phraseology of the law and the punishment prescribed is not, however, uniform.

The uniform law governing stock transfers, recommended and circulated by this committee, has been enacted in Montana.

The law defining what is due diligence in the collection of a check or draft has been passed in South Dakota.

The joint deposit law, printed and circulated by this committee, allowing payment of a two-name account to either, whether the other be living or not, has been enacted in California, Maine, Minnesota, New Jersey, New York, Oregon, and Washington. In the last named State, it is made inapplicable where the deposit exceeds $300; and the legislatures in several of the States have varied the phraseology of the law without, however, changing its legal effect, except in New York, where the law goes beyond an authority to pay and creates a joint tenancy title in the two parties.

Laws punishing the issuer of checks where the account is not good have been enacted in California and North Carolina.

The Negotiable Instruments Law has been amended in Missouri as to paper falling due on holidays preceding a Saturday, and in North Carolina, grace, formerly retained in the Negotiable Instruments Law as respects sight drafts, is abolished, unless expressly stipulated in the instrument, and the Saturday half-holiday is done away with.

PARTIAL SUMMARY OF STATE LEGISLATION.

The following is a partial summary of State legislation affecting the banking business which has been enacted (or which has been introduced but failed of enactment) during the present year. A complete synopsis of all matters of legislation cannot be given at this time, owing to the early date at which this report is issued.

Alabama.

Legislature now in session. Efforts of banking committee largely confined to the following items: (1) Negotiable Instruments Law, which has been enacted after hard struggle; (2) to render trust companies more efficient; (3) to correct injustice of new Revenue Bill, taxing bank capital at market value. Shortness of session prevents urging of other uniform legislation recommended by Standing Law Committee.

Arizona.

An amendment was passed to paragraph 139, Rev. Stat., concerning the Bank Comptroller, enlarging his powers; also prohibiting loans by banks on the security of their own stock, and penalizing the failure to make reports.

The uniform law of sales has also been passed.

California.

The Legislature has enacted the proposed law authorizing the payment of a deposit in the name of two persons to either of said persons, whether the other be living or not, but in changed phraseology. The California law provides:

"When a deposit is made in the names of two or more persons deliverable or payable to either or to their survivor or survivors, such deposit or any part thereof or increase thereof may be delivered or paid to either of said persons or to his survivor or survivors in the due course of business."

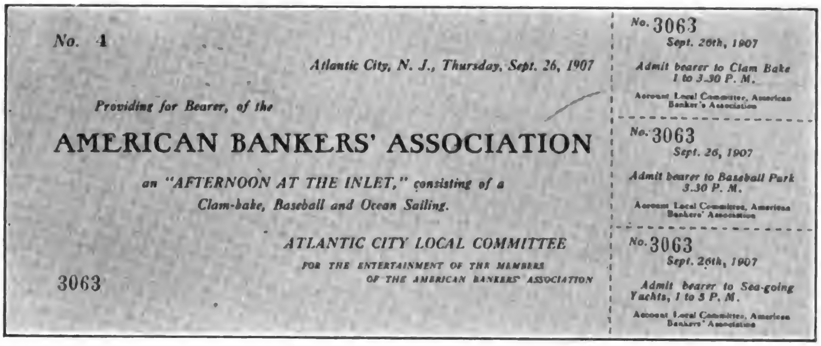
A law has been passed making it a felony to make or deliver a check or draft on a bank with intent to defraud where the maker knows that he has not sufficient funds to his credit; and construing the word "credit" to be an arrangement or understanding with the bank or depositary for the payment of such check or draft. A similar law was enacted in the State of Washington in 1905.

The act "creating a board of bank examiners," etc., was amended in certain important respects.

The act for the punishment of burglary with explosives failed to become a law.

Colorado.

The Legislature passed an important law relative to the supervision and regulation of State banks, which took effect early in July. The bill was passed at the instance of the Colorado Bankers' Association. It provides for the appointment, describes the powers and duties of a State bank commissioner, and regulates



No. 4

Atlantic City, N. J., Thursday, Sept. 26, 1907

Providing for Bearer, of the

AMERICAN BANKERS' ASSOCIATION

an "AFTERNOON AT THE INLET," consisting of a Clam-bake, Baseball and Ocean Sailing.

ATLANTIC CITY LOCAL COMMITTEE

FOR THE ENTERTAINMENT OF THE MEMBERS OF THE AMERICAN BANKERS' ASSOCIATION

3063

No. 3063 Sept. 26th, 1907

Admit bearer to Clam Bake 1 to 3.30 P. M.

Account Local Committee, American Banker's Association

No. 3063 Sept. 26, 1907

Admit bearer to Baseball Park 3.30 P. M.

Account Local Committee, American Bankers' Association

No. 3063 Sept. 26th, 1907

Admit bearer to Sea-going Yachts, 1 to 5 P. M.

Account Local Committee, American Bankers' Association

the banking business in certain important respects. The law prohibits private banks from advertising or doing a banking business without first having complied with the provisions of the act, and obtained a certificate of authority from the State bank commissioner; and it prohibits the use of the word "trust" as part of the name of any institution unless organized and qualified under the Trust Company Act.

On April 11th, Governor Buchtel signed a bill grading the amount of capital stock of incorporated banks according to population.

The Legislature also passed a law against burglary with explosives, with a penalty of from twenty-five to forty years.

The Colorado Bankers' Association was also influential in the passage of an act to submit to the electors of the State an amendment of the Constitution concerning indebtedness, and especially to provide for a funding of certain old warrants of the State amounting to nearly $900,000.

Connecticut.

The only law passed at the recent session is an act concerning deposits for savings in corporations other than savings banks. It provides that all banks, trust companies, corporations, partnerships, or individuals maintaining a savings department or soliciting or receiving deposits as savings shall invest all such deposits hereafter received according to the requirements of law concerning the investment of deposits in savings banks. All savings deposits not now so invested, when reinvested, shall be invested according to the new requirements, and must be so invested before January 1, 1917. The requirements of a reserve fund in case of State banks and trust companies is made inapplicable to the deposits mentioned in this act.

All the other bills affecting banking which were introduced failed of passage, among others, a general bill for the incorporation of State banks and trust companies. But the uniform Warehouse Receipt Act and the uniform Law of Sales both became laws.

Florida.

The only bill passed at the recent session affecting banks was one regulating the examination of State banks. It gives the State comptroller power to employ an examiner; it provides for the examination of banks, for compensation of examiners, and requires reports from banks and bank receivers and banks going into voluntary liquidation.

The proposed law defining due diligence in the collection of checks and drafts did not pass.

Georgia.

A bank examiners' bill and creating a bureau of banking has been passed and now becomes law. A law has also been passed maturing all paper falling due on Sunday or a legal holiday on the first business day thereafter.

Illinois.

The uniform Negotiable Instruments Law and the uniform Warehouse Receipts Act were passed by the Legislature and approved by the Governor. The Austin Bill, governing State banks, was also passed, which will become effective after having been submitted to the vote of the people. This bill provides for the organization of directors; oaths, duties, annual meetings; penalty for false statements; certificate and permit of auditor to do business; limit of loans to a single borrower and other regulations as to loans; capital graded according to population; proceedings on impairment of capital.

A bill was introduced limiting the liability of banks on forged or raised checks, but progressed no further than the legislative committee.

Indiana.

The laws passed were the Depository Law, Private Bank Law, and Bank Taxation Law. The bill defining burglary with explosives and the Negotiable Instruments Law were both introduced, but failed of passage.

The Depository Law makes general regulations concerning public funds, their deposit and safe-keeping, and the collection of interest thereon; it creates boards of finance and defines their powers, duties, and procedure; it provides for the deposit of public funds in selected depositories; and specifies the requirements concerning such deposits.

The act to regulate and supervise the private banking business subjects all private bankers to its requirements. It requires a minimum capital of $10,000; statements to the auditor showing compliance with requirements; issuance of stock certificates representing capital; certificate of authority to do business; posting the list of owners; reports of condition to auditor; examinations and various other requirements.

The act concerning taxation requires shares of banks and trust companies to be assessed to the owner where the bank is located, and to be taxed at the same rate as other property in the same locality. Bank officers must make and deliver statements to the auditor and banks may retain dividends necessary to pay taxes.

Iowa.

The Legislature passed two bills in which banks were directly interested. Other bills were presented, but were not considered favorably. The laws passed were an act limiting the indebtedness which may be contracted by State and savings banks, and an act relating to the pay of, and loans to, officers of State and savings banks. Iowa also passed the Warehouse Receipt Act.

Kansas.

The Kansas Legislature passed very little distinctively banking legislation.

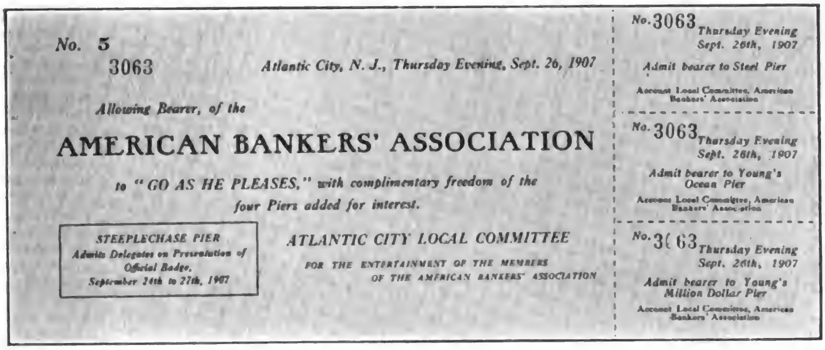
The Trust Company Law was amended to more accurately define the powers of trust companies.

A law was passed providing that no person shall be eligible to the position of bank commissioner or of deputy who has not had at least three years' bank experience or served one term as bank commissioner. Hitherto the law has provided that no person should be appointed bank commissioner who was a banker or in any way connected with a bank.

A law was enacted authorizing banks to receive and pay deposits to minors.

A further law aimed at express companies was enacted as an amendment to the banking law, as follows:

"Any individual, firm, or corporation who shall receive money on deposit, whether on certificate or subject to check, or shall receive money for which it issues its check, draft, or bill of exchange, or other evidence of indebtedness, for which it charges a fee, shall be considered as doing a banking business and shall be amenable to the provisions of this act; provided that promissory notes issued for money received on deposit shall be held to be certificates of deposit for the purposes of this act."


No. 5
3063
Atlantic City, N. J., Thursday Evening, Sept. 26, 1907
Allowing Bearer, of the
AMERICAN BANKERS' ASSOCIATION
to "GO AS HE PLEASES," with complimentary freedom of the four Piers added for interest.

STEEPLECHASE PIER
Admits Delegates on Presentation of Official Badge,
September 24th to 27th, 1907

ATLANTIC CITY LOCAL COMMITTEE
FOR THE ENTERTAINMENT OF THE MEMBERS OF THE AMERICAN BANKERS' ASSOCIATION

No. 3063 Thursday Evening Sept. 26th, 1907
Admit bearer to Steel Pier
Account Local Committee, American Bankers' Association

No. 3063 Thursday Evening Sept. 26th, 1907
Admit bearer to Young's Ocean Pier
Account Local Committee, American Bankers' Association

No. 3063 Thursday Evening Sept. 26th, 1907
Admit bearer to Young's Million Dollar Pier
Account Local Committee, American Bankers' Association

A further act was passed creating a Tax Commission. It defines its powers and duties and abolishes the board of railroad assessors and the State board of equalization.

One of the most conspicuous bills before the Legislature this year was a bill looking toward the guaranty of deposits in State banks. This measure was advocated by the bank commissioner, and had a large following, but failed to pass.

Maine.

The statute relative to the payment of deposits in the names of two persons was enacted in the form recommended by the Standing Law Committee as follows:

"That when a deposit has been made or shall hereafter be made in any bank or trust company transacting business in this State in the names of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or interest or dividends thereon, may be paid to either of said persons whether the other be living or not, and the receipt or acquittance of the person so paid shall be a valid and sufficient release and discharge to such bank or trust company for the payment so made."

The Legislature also added to Section 21 of the Savings Bank Act the following clause: "That when money is deposited in the names of two or more persons payable to either, the whole or any part thereof may be paid to either of such persons with or without the consent of the other before or after the death of the other."

A general act was also passed providing for the organization and management of trust companies and defining their powers.

Massachusetts.

Acts were passed regulating the capitalization of trust companies; providing for life insurance by savings banks; regulating the transaction of savings bank business by foreign banks in Massachusetts; also the Warehouse Receipt Act.

Michigan.

The following bills were passed:

1. House Bill 434, requiring semi-annual examination by a committee of directors or stockholders, which committee shall make detailed report to the board and also to the State Banking Department.

2. A bill to permit any company, organized under Act 205, Public Acts of 1877, as amended (societies for the receiving and loaning of money), to reorganize under the General Banking Law of the State, passed after being amended so as to bring it entirely within all the requirements of the General Banking Law.

3. Senate Bill 61, fixing the liability of banks for the payment of forged or raised checks, as recommended by the Standing Law Committee.

4. The Yegg Bill, defining and punishing burglary with explosives, recommended by the Standing Law Committee.

Minnesota.

An act was passed regulating private banks. It defines the terms bank, savings bank, and limits the right to use these terms as a business name. Every bank or savings bank is made subject to supervision and control of the public examiner. Any person who carries on the banking business and refuses to permit the public examiner to inspect and superintend said business and see that the same is carried on in accordance with the banking laws of the State is not permitted to use the word "bank." Violation of this act is a misdemeanor.

An act was passed providing a double liability of stockholders of banks of deposit and discount. All banks of deposit and discount which do not amend their articles to become subject to this act within six months after its passage, must thereafter use upon stationery, letterheads, and advertising matter "stockholders in this bank, subject to single liability only."

An act was passed amending the law as to the limit of loans to a single borrower with reference to real estate loans.

An act was passed requiring debenture companies to have a minimum paid-up capital of $40,000, and to use the word "debenture" as part of the corporate name.

An act was passed amending the law regulating the amount and character of deposits of trust companies and prescribing the duties of the public examiner with respect to the securities deposited with him.

Section 3019 of the revised laws of 1905 was amended by adding a provision regulating the payment of two-name deposits in banks and savings banks as follows:

"And whenever any deposit shall be made by or in the name of two or more persons upon joint and several account, the same or any part thereof or the dividend or interest thereon may be paid to either of said persons or to the survivor of them or to the personal representative of such survivor."

Missouri.

The Legislature made important enactments amending the laws governing banks of deposit and discount, trust companies, and savings and safe deposit institutions.

It also enacted a law creating a State Banking Department, and for the appointment of a State bank commissioner; placing the incorporation, supervision and examination of all banks of deposit and discount, private banks and bankers, trust companies, and savings and safe deposit institutions organized or doing business in the State under the State Banking Department and the bank commissioner, and providing penalties for the violation of the act.

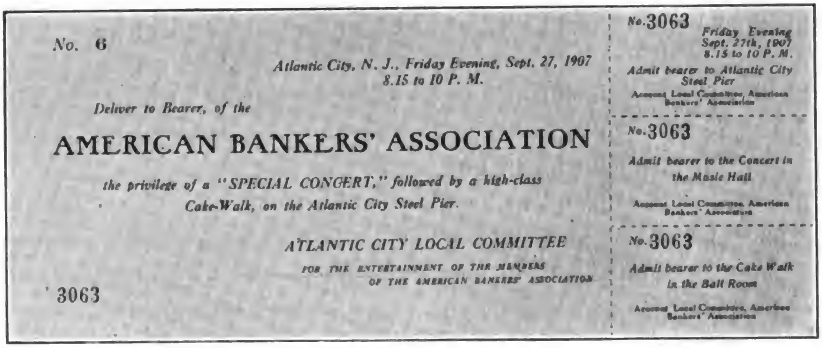
Section 85 of the Negotiable Instruments Law was amended by adding after the words "falling due" the words "or becoming payable," making it conform to the law of New York in this particular, and to remove the uncertainty as to when a negotiable instrument falling due on a holiday preceding a Saturday should be presented for payment.

Montana.

The Legislature enacted the uniform law regulating stock transfers recommended by the Standing Law Committee; also the law defining burglary with explosives, with a punishment of from fifteen to forty years.

Acts were also passed aimed at excessive protest fees, reducing the charge to $1 for drawing, copying, and recording each protest, and to twenty-five cents for drawing and serving every notice of non-payment, and providing a maximum fee of $2.50.

A provision was enacted establishing a fairer and more reasonable method of bank taxation than formerly prevailed. It provides that "all real estate is taxed in the county where the real estate is situated, and the residue of its property, being shares of stock in said bank, shall be reduced to a cash value and assessed and taxed to the individual shareholder in the identical manner that other personal property is assessed in Montana, having in view that the assessment thereof for taxation shall not be at a greater proportion to the face value than is the assessment upon other classes of personal property."



No. 6

Atlantic City, N. J., Friday Evening, Sept. 27, 1907
8.15 to 10 P. M.

Deliver to Bearer, of the

AMERICAN BANKERS' ASSOCIATION

the privilege of a "SPECIAL CONCERT," followed by a high-class Cake-Walk, on the Atlantic City Steel Pier.

ATLANTIC CITY LOCAL COMMITTEE
FOR THE ENTERTAINMENT OF THE MEMBERS OF THE AMERICAN BANKERS' ASSOCIATION

3063

No. 3063
Friday Evening
Sept. 27th, 1907
8.15 to 10 P. M.
Admit bearer to Atlantic City Steel Pier
Account Local Committee, American Bankers' Association

No. 3063
Admit bearer to the Concert in the Music Hall
Account Local Committee, American Bankers' Association

No. 3063
Admit bearer to the Cake Walk in the Ball Room
Account Local Committee, American Bankers' Association

The further act was passed applying to trust companies. State banks, trust and savings banks, making all the affairs of these institutions subject to the State bank examiner; making the liability of stockholders of the three classes of corporations uniform and the same liability as is imposed upon national bank stockholders; also relieving the State banks from the payment of licenses which could not be collected from national banks.

Other laws passed regulated loans to bank officers; prohibited publication of false statements; prohibited the use of the words "trust" or "trust company," "savings" or "savings bank" in the title of any business unless such business be organized under the trust company or savings bank chapters of the law; providing penalties for receiving deposits when the bank is insolvent; and requiring every individual using a corporate name to publish certificates giving the names of the individuals or partners.

Montana also enacted the uniform Warehouse Receipt Act.

Nebraska.

Burglary with Explosives Bill was passed with a minimum penalty of twenty years, and maximum, life imprisonment.

A bill was passed by the Governor that banks to be organized in the future must have at least $10,000 capital, as against $5,000 heretofore.

A bill was introduced providing that banks should have the privilege of filing certain securities for the guaranty of county and State deposits made with the bank, instead of being required to supply a personal or surety bond, as at present; also providing that whatever bond be given need only be for the same amount as the maximum deposit. The rule has always been that the bond must be double the amount of the deposit. That part of the bill relative to depositing securities instead of bonds failed to pass; but the provision reducing the bond to the same amount as the deposit became a law.

New Jersey.

Laws were passed at the recent session of the Legislature with the approval of the New Jersey Bankers' Association as follows:

1. An act relative to the payment of deposits made in any bank or trust company in the names of two persons. It provides: "that when a deposit has been made or shall hereafter be made in any bank or trust company transacting business in this State in the name of two persons, payable to either or the survivor, such deposit, or any part thereof, or any interest or dividend thereon, may be paid to either of said persons whether the other be living or not."

2. An act prohibiting the transaction of business in New Jersey by foreign banking, savings, trust company, or safe deposit corporations in certain cases. It provides: "Hereafter no banking, savings, trust, or safe deposit corporation created by any other State or by any foreign State, kingdom, or Government, shall transact any business in this State, except to the extent that similar corporations of New Jersey are permitted to transact business in such State, kingdom, or Gov-

ernment; provided, every such foreign corporation shall comply with all the requirements of the laws of this State applicable to it in doing business therein."

3. An act providing that any person who shall wilfully or maliciously instigate, make, circulate, or transmit to another or others any statement untrue in fact, derogatory to the financial condition or affecting the solvency or financial standing of any bank, banking institution, or trust company doing business in this State, or who shall counsel, aid, procure, or induce another to start, transmit, or circulate any such statement or rumor, shall be guilty of a misdemeanor.

4. The Burglary with Explosives Act, providing that any person who shall wilfully or maliciously break or enter any church, meeting-house, shop, banking-house, warehouse, mill, barn, stable, out-house, railway car, canal boat, ship or vessel, or other building whatever, with intent to kill, rob, or steal, and who, for the purpose of effectuating such intent, uses, or attempts to use, nitro-glycerine, dynamite, powder, or any other high explosive, and his counsellors, procurers, aiders, and abettors, shall be guilty of a high misdemeanor and punished by imprisonment at hard labor for a period not exceeding forty years or a fine not exceeding five thousand dollars, or both, at the discretion of the court.

5. An act respecting the Orphans' Court was amended with reference to the investment of money by executors, administrators, guardians, or trustees.

The proposed bill limiting the liability for payment of a forged or raised check to one year passed both houses, but was vetoed by the Governor on the ground that the reduction of the time of liability from six to one year was too great a reduction, and on the further ground that the law provided that it should go into effect immediately, whereas changes of any laws affecting punishment or liability should become effective some time subsequent to the passage of the act, in order that no one may be taken by surprise.

The uniform Law of Sales and the uniform Warehouse Receipt Act both became laws in New Jersey.

New Mexico.

The Negotiable Instruments Law was enacted this year in the Territory of New Mexico.

New York.

The Legislature amended Section 114 of the Banking Law by adding the following provision: "When a deposit shall be made by any person in the names of such depositor and another person and in the form to be paid to either or the survivor of them, such deposit thereupon and any addition thereto made by either of such persons upon the making thereof, shall become the property of such persons as joint tenants and the same together with all interest thereon shall be held for the exclusive use of the persons so named, and may be paid to either during the lifetime of both or to the survivor after the death of one of them, and such payment and the receipt or acquittance of the one to whom such payment is made shall be a valid and sufficient release and discharge to said bank for all payments made on account of such deposit prior to receipt by said bank of notice in writing not to pay such deposit in accordance with the terms thereof."

It will be noticed that this law not only authorizes payment of a two-name account to the survivor, but undertakes to define property rights as between the parties by making the deposit the property of both as joint tenants. The Standing Law Committee did not deem it wise to go to this extent.

By a law approved June 17, Section 17 of the Banking Law, relating to "Impairment of Capital," is amended by adding the following after the clause which authorizes the superintendent to take possession of the property and business of a bank or individual banker in an unsound or unsafe condition:

"On taking possession of any such bank or individual banker's property and business, the superintendent shall forthwith give notice of such fact to any and all banks, trust companies, associations, and individuals, holding or in possession of any assets of said bank or individual banker. No bank, trust company, association, or individual, knowing of such taking possession by the superintendent or notified as aforesaid shall have a lien or charge for any payment, advance or clearance thereafter made, or liability thereafter incurred against any of the assets of the bank or individual banker of whose assets the superintendent shall have taken possession as aforesaid."

The New York Legislature also passed the uniform Warehouse Receipt Act.

North Carolina.

A law was enacted in North Carolina making it a misdemeanor to obtain with fraudulent intent money by means of a check or draft on a bank not indebted to the drawer.

The Negotiable Instruments Law was also amended by (1) cutting out the Saturday half-holiday and (2) by making sight bills carry grace only when expressly provided therein. The Negotiable Instruments Law in most of the other States abolished grace entirely, but when originally enacted in North Carolina, grace was retained as to sight bills. The law is now changed so that sight bills do not carry grace unless stipulated in the instrument.

North Dakota.

The only important legislation the Bankers' Association succeeded in obtaining was the bill defining burglary with explosives. The minimum penalty is fixed at twenty years, the maximum at forty years.

A measure affecting the issuance of money orders by express companies was introduced, but failed of passage.

Oregon.

The Legislature passed a general banking law of comprehensive scope. It defines a bank and the banking business, establishes a board of bank commissioners, provides a State bank examiner, and prescribes his duties and powers. Section 9 prohibits any person, firm, or corporation, except national banks, from carrying on a banking business, except on compliance with the act. This covers private bankers.

The law contains two provisions recommended by the Standing Law Committee:

(1) "No bank shall be liable to a depositor for the payment by it of a forged or raised check unless within thirty days after the return to the depositor of the voucher of such payment, such depositor shall notify the bank that the check so paid was forged or raised."

This, it will be seen, reduces the limit of time in which the bank remains liable to thirty days, the shortest period yet enacted in any of the States.

(2) The law relative to the payment of deposits in the names of two persons, to either, whether the other be living or not, was enacted in substantially the same form as was recommended by the Standing Law Committee, with an addition that the law "should apply to all banking institutions, including national banks, within this State."

The Legislature also passed the act defining burglary with explosives with a minimum penalty of five years and a maximum of forty years' imprisonment.

An important act was also passed providing "a more efficient and equitable system for the taxation of bank stocks, shares and banking capitals."

An act was passed concerning the publication of deposit accounts in banks, savings banks, and savings and loan societies where no deposit had been made or withdrawn for the period of more than seven years.

Pennsylvania.

The Legislature passed the following enactments:

1. To provide for the creation and maintenance of a reserve fund in all banks, banking companies, savings banks, savings institutions, companies authorized to execute trusts of any description, and to receive deposits of money, which are now or which may hereafter be incorporated under the laws of this Commonwealth, and in all trust companies or other companies receiving deposits of money, which may have been heretofore or which may hereafter be incorporated under section twenty-nine of the act, approved April 29, 1874, entitled "An act for the creation and regulation of corporations," and the supplements thereto.

2. Making false statements, reports, entries in books, and exhibiting false papers, in any bank, trust company or building and loan association, a misdemeanor.

3. Requiring banks, trust companies, savings fund societies, building and loan associations, bond and investment companies, provident associations, and all other corporations under supervision of the commissioner of banking, to furnish receipt in full to each depositor or investor for moneys received which shall also be entered in full on books of the company; statement of liabilities to be set out in full in all reports to commissioner of banking or other supervisory authorities; statement of all moneys borrowed, to be placed in full as liabilities on books of the company; violation of provisions of this act a misdemeanor, and penalty therefor.

4. Requiring every person, firm, or unincorporated association of this commonwealth, who shall hereafter engage in the banking business within this commonwealth, to report to, and be under the supervision of, the commissioner of banking.

5. Authorizing the commissioner of banking to appoint additional bank examiners, two stenographers, and one messenger, and fixing the compensation of the same.

South Dakota.

The Bankers' Association succeeded in procuring the enactment of the Burglary with Explosives Bill and the bill declaring what shall be considered due diligence in the collection of a check or draft. The Burglary with Explosives Bill separates the crime into two degrees. The first degree is where the building is entered in the night time and contains a human being; the second degree, where there is no human being in the building. First degree burglary is punishable by imprisonment for not less than twenty-five years, and second degree burglary, not less than fifteen and not more than twenty-five years.

The due diligence law provides: "In order to hold the maker, indorser, guarantor, or surety of any check or draft deposited with or forwarded to any individual or bank for collection, or owned by any individual or bank, it shall be sufficient for said individual or bank to forward the same **to their direct correspondents** in the usual commercial way now in use, according to the regular course of business, and the same shall be considered due diligence in the collection of such check or draft."

This law has heretofore been enacted in Vermont and Kentucky in the same language as above, except the words "to their direct correspondents" do not appear in those enactments.

The Bankers' Association made every effort to secure the enactment of the Negotiable Instruments Law, but were unsuccessful.

Tennessee.

The only bill passed by the Legislature affecting banking institutions was Senate Bill No. 684, "an act to require corporations to file certain information with the Secretary of State and to provide for the payment of an annual fee therewith to the Secretary of State." This act, while having direct reference to all corporations, places an additional requirement and tax on banks, i. e., State banks only. The act is technically defective in certain respects, involving certain discriminations, apparently through accident. Taxes have been paid by a majority of the corporations and banks under protest. Suits have been instituted by corporations other than banks to have the act declared unconstitutional. If successful, the result will be beneficial to the banks. This act provides graded fees according to capital. The Attorney-General has construed the act as requiring the following fees:

Up to and including	$25,000	$5.00
Up to and including	50,000	10.00
Up to and including	100,000	20.00
Up to, but not including	250,000	30.00
From $250,000 up to, but not including	500,000	50.00
From $500,000 up to, but not including	1,000,000	100.00
$1,000,000 or over		150.00

A general law "to regulate banks and banking in this State" advocated by the Tennessee Bankers' Association, after having been amended in many respects, passed both Houses with the amendments, but was vetoed by the Governor on the last day of the session.

Washington.

The Washington Bankers' Association procured the passage of the following laws:

1. Limiting the liability of banks or trust companies for the payment of forged or raised checks to sixty days after return to the depositor, unless notified.
2. An act relating to the assessment and taxation of bank stock.
3. An act exempting mortgages, notes, money, etc., from the taxation of personal property.
4. An act relating to the payment of deposits in the names of two persons, authorizing payment to either "whether the other be living or not." But "this law shall not apply to deposits in excess of three hundred dollars."
5. A general law relating to the organization and government of State banks. Washington had no banking law, and this excellent law has been the result of a great deal of hard labor. Section 30, relating to private banks, is as follows:

"No person or persons, association, or body corporate, except banks or trust companies incorporated under the laws of the United States or the laws of the State of Washington, and existing foreign banks now doing business in the State of Washington, shall advertise or put forth a sign having thereon any of the following words: 'Bank,' 'banking company,' 'trust,' or 'savings,' or any other artificial or corporate name, or other words indicating that such person, persons, association, or body corporate is a bank, trust company, or savings bank, or shall in any way solicit or receive deposits as an incorporated bank. Every person, association, or body corporate, violating the provisions of this act shall be fined not more than one thousand dollars ($1,000). This act shall not prohibit firms or individuals doing business as private bankers or brokers under their own name or names, nor prohibit them from soliciting or receiving deposits as such; providing that such private banks shall use the words 'private banks' on all signs and stationery."

The bill defining burglary with explosives did not pass, but its enactment is expected at the next session of the Legislature.

West Virginia.

The Legislature enacted the Negotiable Instruments Law, to take effect January 1, 1908.

Also an act amending the general banking law, enacting many new provisions relating to banks and trust companies. It is made unlawful for any individual to use in connection with his business the term "bank," "banking company," or "trust company" without taking out a charter and complying with the stautes governing banks and trust companies. A commissioner of banking is provided and a system of examination and reports. There is a requirement of 15 per cent. reserve, 3-5 of which may consist of balances due from any national bank or State bank in the State or any solvent banking institution outside the State that may be approved by the supervisor in said State.

A new and comprehensive law for the assessment of taxes was also enacted.

Wyoming.

An act was passed regulating private banks and providing for their examination by the State examiner. It provides that every person or persons, company, and corporation now engaged in, or who may hereafter engage in, the banking business, or buy and sell exchange, receiving money on deposit subject to checks, and commonly designated as private bankers, shall be subject to the same restrictions and provisions of law affecting management and control and examination as are now provided for State banks.

A further law was passed enlarging the limit of loans by banks to any one borrower from 1-7 of paid-in capital (and in the case of banks with a capital of not less than $40,000, 1-10), to 1-5 of paid-in capital in all cases.

Further information concerning any of the above laws will be furnished by the counsel and secretary of the committee upon application.

One of the main objects of this committee is to promote uniformity in the laws of the different States wherever such uniformity is practicable or desirable, and the committees of State Bankers' Associations who are working for legislation in their respective States are requested to correspond with this committee with reference to new legislation sought to be introduced, to the end that uniformity may be attained as far as practicable. We have at hand copies of banking laws and other laws affecting the banking business which have been passed in the different States; also drafts of laws which have been introduced but not passed; and many opinions of Attorneys-General construing new laws. This information is valuable, and is at the service of legislative workers in State Associations who desire the best and most effective drafts, as well as those most conducive to uniformity.

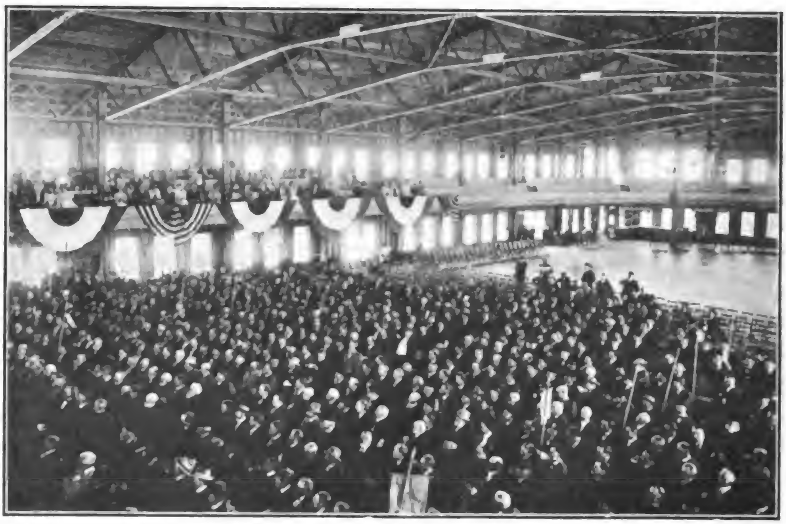
Respectfully submitted,
Thomas B. Paton,
Counsel and Secretary,
New York.

August 1st, 1907.

William J. Field, Chairman,
Sec'y and Treas. Commercial Trust Co. of N. J., Jersey City.
Henry Dimse,
Pres. Northern Bank, New York City.
P. C. Kauffman,
Second Vice-Pres. Fidelity Trust Co., Tacoma, Wash.
John K. Ottley,
Vice-Pres. Fourth Nat. Bank, Atlanta, Ga.

Committee.

Addenda. The Negotiable Instruments Law has been enacted in Hawaii. A private bank law has been enacted in Connecticut. The statement in the above report (based on official information which proved incorrect) that Montana has enacted the Warehouse Receipt Act is erroneous.



THE CONVENTION IN SESSION.

The report of the committee on express companies was presented by Chairman Fred. I. Kent, and that on uniform warehouse receipts by Chairman A. H. Curtis.

Governor Claude Swanson of Virginia discoursed eloquently on "The South," after which the German delegate with the unpronounceable name made a speech in favor of a central bank. Then the brilliant and witty Witham, who is gradually monopolizing the banking business of the country, made one of his characteristic sleep-dispelling talks.

The Constitution Amended.

When the convention assembled on the second day there was a general expectation that the currency question would receive consideration, but a long debate over amendments to the constitution consumed so much time that the hall was almost deserted before the morning session adjourned. But the constitution was fixed up, in accordance with the following plan, submitted by a committee composed of J. J. Sullivan, James M. Donald, William George, Joseph G. Brown and J. B. Finley:

"Your committee to which were referred the proposed amendments to the constitution presented at the St. Louis convention respectfully submits the following:

Section 1, Article 3, to be amended to read as follows:

Section 1. The administration of the affairs of the association shall be vested in the president, first vice-president of this association, and one vice-president for each state and territory which may be represented in this association, and in an executive council, who shall be elected at the annual meetings, and shall serve until their successors are chosen or appointed. The executive council shall consist of one member from each state, territory and district for the first one hundred members in the American Bankers' Association in such states, territories and districts, respectively, at the close of the preceding fiscal year, August 31, and an additional member of said council for each additional two hundred members of the American Bankers' Association in such states, territories and districts as have no state association, or those which have less than one hundred members of the American Bankers' Association within their separate borders, shall be entitled in the aggregate to the same representation on the council as a state which has such membership. The vice-president of such states, territories and districts attending the convention, shall constitute a nominating committee, and meet apart after the first adjournment of the convention; at such meeting this committee shall nominate by a majority vote the members of the council, to which their states, territories and districts are entitled; one for the first hundred of the combined members of the American Bankers' Association within their borders, and one additional member for each additional two hundred members.

In the absence of a vice-president of any state, territory or district at any meeting, the majority of delegates from such state, territory or district may nominate a member from such state, territory or district in attendance at the convention of the American Bankers' Association to represent such state, territory or district on the nominating committee in place of such absent vice-president.

Other additional members of said council to which said states, territories and districts may be entitled, and successors to those whose terms of office expire in 1908, shall be nominated by a majority vote of the members of the American Bankers' Association attending the annual convention of the separate state associations of banks and bankers. Members when so nominated and elected shall be divided by lot under the direction of the executive council of the American Bankers' Association as nearly as practicable into three classes, and serve for one, two and three years respectively. Not more than one state association for one state or territory shall be recognized.

Thereafter members of said council shall be in like manner nominated for terms of three years. Candidates for said council nominated as herein provided upon being certified to the secretary of this association on or before its annual meeting by the secretaries of their respective associations and the secretaries of the meetings of delegates where no

A GROUP OF PROMINENT BANKERS.

association of bankers exists, shall be elected by ballot, as provided in Section 2, Article 3.

The president and first vice-president shall be members *ex-officio,* and ex-presidents, if still members of the association, shall also be members *ex-officio* for three years after the expiration of their term of office, and no president or vice-president, nor retiring member of the executive council shall be eligible for re-election for a period of one year after the expiration of his term of office. The presidents, first vice-presidents and chairmen of the executive committee of the different sections now authorized by this constitution and by-laws, shall also be members *ex-officio.* The removal of a member of the executive council from the state, territory or district from which elected shall create a vacancy.

The preceding amendments, if adopted, necessitate certain changes in Section 2 of Article 3, and your committee therefore recommends Section 2 of Article 3 be amended as follows: Omit the following:

The delegations from the several state bank and bankers' associations shall assemble and meet apart after the first adjournment, and, in such manner as they may determine, shall nominate to the convention five names for members of the executive council, who shall be members of this association, provided that no state association shall thus be represented by more than one member of the executive council.

The elections of president, first vice-president, and for five members of the executive council to be chosen by ballot, unless otherwise ordered.

Insert in place thereof the following:

The election for president, first vice-president and vice-presidents and members of the executive council shall be by ballot, unless otherwise ordered by the convention."

Hon. A. B. Hepburn introduced the currency discussion by presenting the report of the Currency Commission appointed pursuant to the action taken at last year's convention. Mr. Hepburn's address follows:

ADDRESS ON THE PLAN OF THE CURRENCY COMMISSION OF THE AMERICAN BANKERS' ASSOCIATION.

BY THE HON. A. BARTON HEPBURN.

THE currency plan recommended by the Commission may be summarized as follows:

"1. Any national bank having been actively doing business for one year and having a surplus fund equal to twenty per cent. of its capital shall have authority to issue credit notes as follows, subject to the rules and regulations to be determined by the Comptroller of the Currency:

(*a*) An amount equal to forty per cent. of its bond-secured circulation, subject to a tax at the rate of 2 1-2 per cent. *per annum* upon the average amount outstanding. . . .

(*b*) A further amount equal to 12 1-2 per cent. of its capital, subject to a tax at the rate of five per cent. *per annum* upon the average amount outstanding in excess of the amount first mentioned.

2. The same reserves shall be carried against credit notes as are now required by law to be carried against deposits."

It provides a five per cent. guarantee fund, from which to redeem the notes of any defaulting bank; it provides numerous redemption cities conveniently located in various parts of the country. A study of the statistical history of the national banking system from its inception will leave no doubt in the minds of candid men as to the goodness of the proposed note issue and its certainty of redemption.

Life insurance is predicated upon mortality tables gleaned from vital statistics of the human race, and such business is conducted with safety and in enormous volume. Fire insurance is predicated upon the destruction of property by fire over a period of years and the amount of premium necessary to cover the risk ascertained with reasonable certainty. How much easier and with how much greater certainty is the mortality or longevity of banks ascertained. With over forty years of complete statistical history of the national banking system before us, we must conclude with certainty that the guarantee fund is more than sufficient to redeem any of the proposed currency in case any bank issuing the same should be guilty of default.

By basing the amount of the proposed issue of credit currency upon the bond-secured currency of each bank, the value of Government bonds, now so largely owned by the banks, is preserved and protected. The proposed plan is neither comprehensive nor radical; it seeks to engraft upon existing laws simple changes which will admit of increased bank-note circulation in response to the increased demands of business which accompany periods of business activity—witness the crop-moving season. It also contemplates the retirement of such circulation with the abatement of such demands. It seeks to provide such increase at the instance of the issuing bank, in response to the demands of its customers; it seeks also, by convenient points of redemption, to secure the retirement of such issue, whenever the demand which called the same into being has been satisfied. Not being secured by high-priced bonds, yielding a low rate of interest, there would be less feeling of constraint to force such notes into use as much as possible. In fact, with convenient points of redemption, the outstanding period of such notes would be limited. It is the opinion of those most experienced, that the function of such currency would be to serve the retail and small change purposes of the immediate constituency of the bank issuing the same. The farther the point of redemption from the bank of issue, the more expensive it would be. Banks in central reserve cities could not issue and put into circulation such a currency, unless for use in their immediate vicinity, except at a time when there is a demand for currency shipments from other localities. Then they might use such currency and serve the public, while at the same time protecting their reserve money. Whenever the currency demand was satisfied, such far-away notes would seek the nearest redemption agency of the bank issuing the same and travel home at the expense of the bank of issue. Some have expressed fear because in case of the maximum issue under the proposed law, the liabilities of the banks might be increased approximately $200,000,000. Deposits with national banks, which, like notes of issue, are demand obligations, redeemable at the instance of the depositor or holder, have increased from $750,000,000 in 1866 to $6,189,000,000 in 1907, and public confidence in our national banking system has grown with each year. Whenever such currency is put into circulation and becomes a liability of the bank, some good asset, presumably the note of a solvent customer, goes into the assets of the bank, thereby offsetting the liability. There is no fear to be apprehended from a possible maximum issue under the proposed plan.

Not Designed for New York's Benefit.

It is assumed and asserted in some quarters, that such a currency would redound greatly to the advantage of the speculative market in the city of New York—"Wall Street." This is quite erroneous. The New York Stock Exchange has a clearing house of its own, based upon the same principles as the clearing house for banks; and brokers, instead of paying for all the stock they buy and receiving pay for all the stock they sell, report to this clearing house and settle for the balances. The Stock Exchange, Produce Exchange, Cotton Exchange, all the exchanges dealing in commodities, as well as all the varied interests of any considerable magnitude in the city of New York, have a currency of their own—the certified check. Actual money, or currency in any form, is practically unknown in the city of New York in any transaction except of a retail character. The bank check performs the function of payment, and if the amount reaches into the thousands, the check is certified. It is a perfect currency, it is elastic, responding in volume to any demand; it is predicated upon the credit of the parties to the transaction. Its redemption is speedy and it is unvexed by arbitrary laws. It is not subject to Governmental interference, it is absolutely responsive

MEMBERS OF TRUST COMPANY SECTION.

to the demands of trade, and without it the commerce of that great city would be impossible; and, except for supplying the retail demands incident to every community, it answers every purpose. The proposed currency would not be usable between banks in the city of New York. Balances at the Clearing House in that city can be settled only in gold or silver or their representative, and legal tender money. The present bank-notes are not available for such purpose. Whenever the present bond-secured bank-notes come into the possession of New York banks they send them to the United States Treasury for redemption and receive in exchange legal tender money, which counts as part of their reserve. One hundred and thirty-six million, two hundred and fifty-two thousand, three hundred and sixty dollars national bank-notes were so presented for redemption by the banks of the city of New York last year. I call attention to these facts and circumstances in order to show that New York has less comparative interest in the proposed note issue than almost any other locality. When the interior demand for currency is strong, New York banks can issue and ship such notes to their interior correspondents, and by so doing satisfy the commercial demands without impairing their reserve money. Such notes, if issued in small denominations, would undoubtedly come into use for the purpose of the retail trade. Under the proposed plan banks would pay out their own notes and present the notes of other banks for redemption, and the fact cannot be too strongly emphasized, that with ample facilities for redemption inflation is impossible. The notes would remain in use only to serve a business need, and so long as they served such need they would be promoting the interests of all, and when the demand slackened they should and will, logically and naturally, seek the nearest point of redemption.

Would Relieve Periodic Stringencies.

I believe such a currency would materially serve the public interest, relieving and preventing the periodic stringencies which occur under existing laws. No currency system can relieve such a money stringency as exists at the present time for the reason that it is more a question of mobile capital than currency. This is evidenced by the fact that practically the same condition of money stringency exists throughout the world. The utilization of electricity as a luminant, a motive power, and a means of oral communication has developed a world-wide industry, calling for the expenditure of large sums of money. It has induced a complete reorganization of all street car and suburban service throughout the world, and it is only a question of time when electricity will supplant steam on our railroads generally. Not to particularize, the business transformations as well as improvements which have characterized the past few years have been unprecedented both in amount and in expense involved. In our own country a "hot-house" system of development obtains. People seem determined to realize at once what ought normally to require many years for development, and the waste and destruction incident to such a policy are as phenomenal in amount as they are criminal in fact.

Germany, under the inspiration of her Government, has been pushing her commerce in all parts of the world, and with marked success. Apart from "tramp" vessels, she has the best carrying service of any nation, the most far-reaching and extensive. The first solicitude of this Government-inspired service is the extension of German trade. It is this transportation power that has made Germany our sharpest competitor in the markets of the world. The carrying out of this ambitious policy on her part has taxed Germany's financial resources to the utmost, and made her merchants constant borrowers in the money markets of other nations. Since the *rapprochement* between Russia and France, nearly every year a Russian loan has been brought out by Paris bankers. With each succeeding loan the old balances would be withdrawn and the new borrowings permitted to remain. The first Duma declared that it would recognize the existing indebtedness of Russia, but would not recognize any future loans not made with the approval of the Duma. The Revolutionary Propaganda also declared that if successful they would recognize the existing indebtedness, but would repudiate any further debt incurred in perpetuating what they believed to be an unjust Government. Since then Russia has been unable to negotiate any permanent foreign loan. Her necessities have compelled the withdrawal, largely, of her balances in other capitals, and her foreign balances were maintained principally in Paris. The French bankers had come to regard these Russian funds as essentially permanent, and their withdrawal necessarily curtailed their banking power materially. Not only this, but the withdrawal has had a disturbing effect as well. It is estimated that Russian securities are owned in France to the extent of $2,000,000,000. The French have felt perfectly secure as to the payment of the

OFFICERS AND MEMBERS OF THE SAVINGS BANK SECTION.

interest on Russian securities, because they had the funds in hand with which to make such payment. The reduction of Russian balances, coupled with the knowledge that Russia's income does not equal her expenditures, suggests a possible default in her interest. This is the cloud that hangs over France.

England has been called upon by every one of her colonies and dependencies from Egypt to the Cape and from Canada to the Horn. World-wide prosperity has made world-wide increase in financial demands upon London, and has found London bankers illy prepared to meet the strain. The successive issues of British consols, made to finance the Boer war, were taken by London bankers in patriotic support of the Government, and also to protect the credit fabric upon which all their values were based. These consols yield a very low rate of interest. They have sold many points above par and were taken at an average of about 95, and these bankers naturally hoped that a return of peace would bring an investment demand which would yield them a profit and thus compensate for the very low interest rate. Peace brought no investment demand, and London still carries these consols, now paying 2 1-2 per cent. interest, with a shrinkage in market value of 15 points. The municipal indebtedness of Great Britain has increased wonderfully during the past few years, and the shrinkage in value of her "municipals" is quite as great as ours. Commerce, backed by diplomacy, has been knocking at the doors of Oriental exclusiveness until their doors now stand ajar and the Oriental stands at the doors of our counting houses prepared to utilize his credit to an unlimited extent. The destruction of values by the Russo-Japanese war has been estimated from $1,000,000,000 to $2,000,000,000. The South African and other smaller wars have largely contributed to the waste. Seismic disturbances in California and Chili have recently shown an appalling total of values wiped out of existence.

All the above causes have made demands for capital to which the world cannot easily respond, and that is the explanation of the world-wide tension in the money market now existing. It is a call for capital rather than currency, but currency is the barometer that measures the intensity of the demand. The remedy is a careful and economical administration of affairs until our mines, our crops, and our industries produce sufficient wealth to offset the loss and destruction by war and the elements, and in addition the accumulated wealth must equal the credits already created in anticipation of future development. When that time arrives a normal condition will have been restored. No currency system can meet and normalize existing conditions. It is a question that must be solved on the farm, in the mine, the factory, and in the counting house, by all the wealth-producing agencies which we possess.

In all our discussion of the currency question, the principles approved by experience have been clearly set forth and fairly maintained; but in all our recommendations principle has, to a greater or less degree, been subordinated to practicability. We have recommended, not what we believed, in the light of experience and existing conditions, to be best for the interests subserved, but what, in the light of existing political conditions, we believed to be attainable—not what was best, but what we might reasonably hope to obtain."

Following Mr. Hepburn's able speech, there was a general discussion of the bank-note currency question, led by Hon. Charles N. Fowler, chairman of the banking and currency committee of the House of Representatives, and participated in by Mr. Frame, Mr. Yates, Mr. Perrin and others. After the debate, the report of the commission was approved.

Melville E. Ingalls, president of the Merchants' National Bank, Cincinnati, made one of the notable addresses of the convention, his subject being "Present and Future Prosperity." He took a hopeful view of the outlook for business, though fully realizing that there would be a slowing down in the pace at which the country has gone ahead in the past five years.

THE NEW OFFICERS.

President—J. D. Powers, vice-president Third National Bank, Louisville, Ky.

First Vice-President—George M. Reynolds, president Continental National Bank, Chicago, Ill.

Five members of the executive council to represent the state associations:

S. H. Burnham, president First National Bank, Lincoln, Neb.

E. D. Durham, Onarga Bank, Onarga, Ill.

N. T. Gilbert, cashier Lawton National Bank, Lawton, Okla.

Charles B. Mills, cashier People's Trust and Savings Bank, Clinton, Ia.

E. K. Smith, cashier State National Bank, Texarkana, Ark.

Five members of the executive council at large:

E. J. Buck, president City Bank and Trust Company, Mobile, Ala.

William J. Field, secretary and treasurer Commercial Trust Company of New Jersey, Jersey City, N. J.

John H. Holliday, president Union Trust Company, Indianapolis, Ind.

George L. Ramsey, president Union Bank and Trust Company, Helena, Mont.

Charles E. Warren, cashier Lincoln National Bank, New York City.

TRUST COMPANY SECTION.

H. P. McIntosh, president Guardian Savings and Trust Company, Cleveland, Ohio.

SAVINGS BANK SECTION.

William R. Creer, secretary Cleveland Savings and Loan Company, Cleveland, Ohio.

CLEARING-HOUSE SECTION.

E. C. McDougal, president Bank of Buffalo, Buffalo, N. Y.

VICE-PRESIDENTS.

Alabama—McLane Tilton, Jr., cashier Bank of St. Clair County, Pell City.

Arizona—J. J. Sweeney, assistant cashier National Bank of Arizona, Phoenix.

Arkansas—Charles A. Pratt, president Exchange National Bank, Little Rock.

California—E. W. Wilson, vice-president American National Bank, San Francisco.

Colorado—Houston Jones, Mercantile Bank and Trust Company, Boulder.

Connecticut—W. E. Attwood, president New Britain Trust Company, New Britain.

District of Columbia—E. Southard Parker, president National Metropolitan Bank, Washington.

Delaware—J. B. Smith, cashier First National Bank, Milford.

Florida—Bion H. Barnett, president National Bank of Jacksonville, Jacksonville.

Georgia—A. O'Byrne, president Hibernia Bank, Savannah.

Illinois—E. E. Crabtree, F. G. Farrell & Co., bankers, Jacksonville.

Indiana—Frank Griffith, cashier First National Bank, Columbus.

Indian Territory—Frank Craig, cashier City National Bank, South McAlester.

Iowa—L. E. Stevens, cashier Ottumwa National Bank, Ottumwa.

Idaho—B. F. O'Neil, president State Bank of Commerce, Wallace.

Kansas—E. R. Moses, president Citizens' National Bank, Great Bend.

Kentucky—John G. Winn, president Montgomery National Bank, Mt. Sterling.

Louisiana—Frank E. Neelis, president Bank of Hammond, Hammond.

Maine—E. L. Smith, cashier Shoe and Leather National Bank, Auburn.

Maryland—William B. Spiva, cashier Bank of Somerset, Princess Anne.

Massachusetts—Francis A. Shove, treasurer Malden Savings Bank, Malden.

Michigan—A. G. Bishop, cashier Genesee County Savings Bank, Flint.

Minnesota—J. W. Wheeler, president First National Bank, Crookston.

Mississippi—T. W. McCoy, cashier First National Bank, Greenville.

Missouri—Fletcher Farrell, director Paris Savings Bank, St. Louis.

Montana—H. Yaeger, assistant cashier First National Bank, Lewiston.

Nebraska—George L. Meissner, president First National Bank, Crete.

Nevada—Frank Golden, president Nye and Ormsby County Bank, Tonapah.

New Hampshire—F. W. Sawyer, cashier Souhegan National Bank, Milford.

New Jersey—Henry H. Pond, cashier Vineland National Bank, Vineland.

New Mexico—R. F. Collier, cashier State National Bank, Albuquerque.

New York—Bradford Rhodes, president First National Bank, Mamaroneck.

North Carolina—J. Ellwood Cox, president Commercial National Bank, High Point.

North Dakota—Robert Jones, president First National Bank, Fargo.

Ohio—A. J. Conover, president Dayton Savings and Trust Company, Dayton.

Oklahoma—L. A. Wilson, cashier First National Bank, El Reno.

Oregon—William M. Ladd, Ladd & Tilton, Portland.

Pennsylvania—John G. Reading, president Susquehanna Trust and Safe Deposit Company, Williamsport.

Rhode Island—Moses J. Barber, cashier of the Merchants National Bank, Providence.

South Carolina—W. D. Morgan, president Bank of Georgetown, Georgetown.

South Dakota—A. W. Swayne, cashier Springfield State Bank, Springfield.

Tennessee—D. M. Armstrong, cashier Commercial Trust and Savings Bank, Memphis.

W. G. FITZWILSON,
Assistant Secretary American Bankers' Association.

Texas—W. G. Newby, president American National Bank, Fort Worth.

Utah—Frank Knox, president National Bank of the Republic, Salt Lake City.

Vermont—Clinton N. Field, vice-president Granite Savings Bank and Trust Company, Barre.

Virginia—Thomas B. McAdams, cashier Merchants' National Bank, Richmond.

Washington—George S. Brooke, president Fidelity National Bank, Spokane.

West Virginia—H. Showalter, cashier Exchange Bank, Mannington.

Wisconsin—John J. Sherman, cashier Citizens' National Bank, Appleton.

Cuba—Edmund G. Vaughn, president National Bank of Cuba, Havana.

Hawaii—L. T. Peck, cashier First National Bank, Honolulu.

Lewis E. Pierson of New York city was elected chairman of the executive council.

Fred. E. Farnsworth of Detroit, Mich., was elected secretary of the association, and his salary fixed at $8,000 per year.

William G. Fitzwilson of New York city was elected assistant secretary, at a salary of $5,000 per year.

The retiring secretary, Colonel James R. Branch, was requested, by a unanimous vote of the council, to remain in the employ of the association in an advisory capacity for the period of sixty days, at the rate of compensation heretofore received by him as secretary.

Joseph Wayne, Jr., of Philadelphia, was elected a member of the executive council to fill the vacancy caused by the elevation of Mr. Reynolds to the vice-presidency.

Sol. Wexler of New Orleans was elected a member of the executive council as the representative of the Clearing-House Section.

Portraits of the president, chairman of the executive committee, secretary and assistant secretary are presented in this issue of the MAGAZINE. A portrait and biographical sketch of Vice-President Reynolds appeared in the September number, page 427.

ROLLER-CHAIR PARADE.

CONVENTION NOTES.

—In the last year the protective committee expended $36,847.40.

—The Trust Company Section is progressing steadily and rapidly. Its expenses during the past year have been $2,143.57. It now has a membership of 846, 162 trust companies joining the section during the fiscal year. This is the largest membership in its history. The aggregate resources of the section's members amount to $3,300,000,000.

—The Savings Bank Section now has a membership of 847 savings banks and 377 trust companies, national banks, and state banks which have savings departments.

—Many of the members of the old guard, who have attended every convention for years, were absent from the Atlantic City meeting. Some have died, others were abroad, and several were prevented from being present by illness or other cause.

—New York still leads the other States in membership, having a total of 795. Pennsylvania has 752, Illinois 616 and Ohio 440.

—Secretary James R. Branch retires after having held office for twelve years. Since he has been secretary the membership of the association has grown from about 2,000 to over 9,000.

—From the address of Melville E. Ingalls: "I believe that the business headache that we have had and the pains that we have been through have helped our system and that we are so strong in our economic condition that we shall avoid further liquidation and further depression of business, and that we shall have four or five more years of good business where labor will be well employed and our factories and industries busy."

—Commerzienrat Leiffmann, of Dusseldorf, Germany: "The competition against the existing banks is perhaps the greatest obstacle for the establishment of a central bank, but can be avoided if this institution is established at first, or forever, as a bank of the banks, which institution then again will form a link between the public and the central bank.

* * * * * * * * * *

The Reichsbank performs a service for the banks and their customers which is much needed in this country. For instance, they transfer money from one city to another without the actual cash being shipped or tied up in the performance. For example, if a bank in Dusseldorf wishes to pay a bank in Hamburg 1,000 marks, it simply asks the Reichsbank in Dusseldorf to charge their account with 1,000 marks and credit the account of the Hamburg bank with 1,000 marks with the Reichsbank in Hamburg. Under your system, the bank in Dusseldorf would probably have an account in Berlin and would mail its draft to Hamburg (on Berlin), and before the funds would be available for the Hamburg bank it would have to mail the draft to their bank in Berlin to be credited to their account. In the meantime the funds would be tied up for several days while the draft was being sent to Hamburg and from Hamburg to Berlin; whereas under the system in Germany the funds are immediately available. This, of course, does away with all inland exchange, which I understand is always a cause of considerable trouble to the banks in the United States and locks up a great amount of money.

The establishing of a central bank would also tend to largely increase the circulating medium of the country. That is, in Germany the banks simply keep on hand a sufficient amount of cash to meet their daily requirements and maintain their reserves with the Reichsbank, which is privileged to issue circulation against the cash which is deposited by various banks. If in the United States you had a central reserve bank, the national banks would not be required to lock up such enormous sums of cash in their vaults, but would deposit the same with the central reserve bank, which would then be privileged to issue its notes against these deposits. When the amount of cash which is held by the banks as reserve is taken into consideraiton and it is realized that the central reserve bank would issue circulation up to this amount, you can readily understand what an enormous sum of money would be released in this way."

—Optimism characterized the address of William S. Witham. Here are some of the things he said: "Years ago our farmer drove his steer and cart to town, and carried a small basket with a few eggs to sell; now he rides in a carriage and carries his cash in sacks to a bank of deposit. I congratulated him, and asked, 'Is this the climax?' 'No,' says he, 'when I sell this year's crop I will carry a barrel, not a bag, and instead of a carriage ride in an automobile.'

A few years ago our bankers lived in cottages; now they live in painted homes with carpeted floors, and large yards. Their business has grown so that the adding machine became a necessity. As I congratulate the banker, I ask: 'Is this the climax?' He says: 'No. I am building a home on the corner of Easy street and Velvet avenue, and I am on a trade to swap our adding machines for shovels.'

I turn to our horny-handed yeoman, as he draws his three to five dollars per day, and who once earned his living by the sweat of his brow, but who now earns it by the sweat of somebody else's brow, who in olden days spent part of his time in jail, and the other part in fear of going to jail for debt, and as I congratulate him I ask, 'Is this the climax?' He says, 'No, we are going to strike for eight hours' pay and four hours' work, and I am here to tell you it is better to be on the outside looking in than on the inside looking out.' "

—The attractions of the boardwalk were "too many" for the average banker, who forgot all about the convention.

—John Schuette, of Manitowoc, Wis., made the following suggestions: "Whereas, By having the different denominations of all our bank notes printed in different color tints, would greatly facilitate the labor of a banker and the people generally, would be a guard against errors, would make the raising of the smaller denominations to the larger almost impossible, and

Whereas, Such a change can be easily and speedily accomplished with practically no additional expense; therefore, be it resolved, That the executive council is hereby requested to call the attention of the honorable Secretary of the Treasury to this plan and to urge its adoption, with the suggestion that the ground work of all future bank notes be printed as follows: $1 bills, slate tinted; $2 bills, brown; $5 bills, green; $10 bills, blue, $20 bills, yellow; $50 bills, pink; $100 bills and over, white, or such other colors we may deem most easily distinguishable."

He also made some recommendations for a uniform style of bank stationery.

—Henry Dimse of New York spoke in favor of a uniform system of bookkeeping and improvements in letter-heads, etc.

—Query: How did it come to be recognized that a punch-bowl is the most appropriate symbol to express the convention's affection for the retiring president? It would be hard to break the precedent next year, seeing that Colonel Powers is from Kentucky, but might not a little originality be welcome?

—Governor Swanson of Virginia: "I married about ten years ago. I became lieutenant-governor in my own household; and I have had no advancement since."

—Hon. Charles N. Fowler: "All business is founded on selfishness, and banking is the refinement of business. While other men talk about 16 cents and 32 cents and 64 cents, bankers talk about a sixteenth, a thirty-second and a sixty-fourth of a cent."

—Mr. Yates and Mr. Frame made a valiant fight against the asset currency proposition, but they were outnumbered by those on the other side.

—These resolutions, offered by F. O. Watts of Nashville, voiced the unanimous sentiment of those present:

"Whereas, The 1907 convention of the American Bankers' Association has been one of the most successful and enjoyable in the history of the association; and,

Whereas, The success and enjoyment has been largely due to the bankers and the commercial associations of Atlantic City, and to the railroads, the telephone companies and the telegraph companies; therefore, be it

Resolved, That this convention express its hearty appreciation for the courtesies so cheerfully extended."

FOR A CENTRAL BANK.

AT the annual convention of the Nebraska Bankers' Association, held in Omaha, September 19, Hon. George E. Roberts, former Director of the Mint, and now president of the Commercial National Bank, Chicago, said, in part:

"I do not say that the mere fact that money occasionally becomes tight needs to be remedied. Money will become tight under any system, and, of course, there must be some effective check to borrowing. It is not the fact that money becomes tight once a year that is dangerous, but the fact that the country comes every year practically to the end of its resources. There ought to be some way by which the undoubted resources of this country can be made available in an emergency, some way by which the credit of the country, based upon solid values, can be organized and consolidated and brought to the support of the business interests of the country at such a time.

There should be a reserve supply of credit and currency available under a sliding scale of interest rates, which would repress expansion and bring about a contraction of credits and of notes within a reasonable time.

I would adopt the general plan of the great foreign banks, but I would not have the central bank in this country do a general banking business. I would make it an institution to do business with and for the other banks. If you have any prejudice against the word, suppose we do not call it a bank, but a central agency for the existing banks, through which they are to perform certain functions which will be serviceable to them and to the community. It should take over all the Government moneys, just as the foreign banks do. That would end the whole vexed problem of the Government deposits. Every bank in the country, by reason of its stock in the central organization, would have its proportionate benefit from the Government deposits."

BANKING PUBLICITY

AT THE CONVENTION.

ON the subject of "New Methods of Advertising and Their Results" three addresses were made before the Trust Company Section at the Atlantic City Convention by trust company officials who have made a study of advertising and have achieved success for their companies by their up-to-date methods.

EDMUND D. FISHER,
Secretary Flatbush Trust Company, Brooklyn, N. Y.

Mr. E. D. Fisher, who is secretary of the Flatbush Trust Company of Brooklyn, a company which has won marked success in a suburban field, said:

In responding to the invitation of the chairman of the executive committee to speak on "New Methods of Advertising and Their Results" I propose to give briefly some thoughts suggested by the terms Developing, Stimulating and Soliciting, in their relation to the general subject; based mainly upon the experience of a surburban trust company.

The secretary of the new Suburban Trust Company in looking over his field found many unsewered and unpaved streets, poor transit and inadequate school facilities. Realizing that the growth of population and consequently the growth of his company were directly dependent upon a radical change, he joined the local taxpayers association, and used his influence and that of his company for the betterment of these conditions. The controlling members of the city government were given an automobile ride through the entire section, and successfully covered with dust from the unpaved streets. A banquet followed where local speakers eloquently emphasized the various needs of the community.

The results (not of course from this influence alone) were paved and sewered streets, beautiful schools, an increase of population, and a growth in deposits, in seven years, from $500,000 to $3,000,000.

To stimulate the growth of deposits the secretary wrote a history of the community where his company was located. The old landmarks of colonial and revolutionary association were fast disappearing, and new residents were apparently much interested in the pictorial history of their home neighborhood. Result—these books were given to about 2000 new depositors as they opened their accounts during a period of two years.

Soliciting through advertising will be referred to by a single example, bill board advertising. A line of transit with numerous stations running from the metropolis through the section served by the trust company gave opportunity of attractive bill boards. The "ads." were changed frequently. A few are given.

IT IS WORTH A TRIP

To the SUBURBAN TRUST COMPANY to see a strictly modern Trust Company. There are still some people that do not realize the great advantages of a Trust Company and its methods of transacting business. Capital. Surplus. Convenience, Experience, Permanency and Reliability. Are these not the requisites you seek? May we not serve you.

IS INTEREST OF INTEREST?

Why should you not participate in the earning power of your own money? The Suburban Trust Company pays interest on daily balances. On Dormant Accounts and Certificates of Deposit it offers special rates. Accounts may be opened by mail.

ARE THEY SAFE?

The newspapers print daily accounts of robberies. Money, jewelry and silver are taken. Fires destroy. The massive burglar and fireproof vaults of the Suburban Trust Company offer absolute security. Why run any risk? Boxes $5.00 and up.

FIRES DESTROY.

Thieves break through and steal, but the massive fire and burglarproof vaults of the Suburban Trust Company offer absolute protection.

YOUR BUSINESS.

A successful man accumulates. A bank account helps. Business and personal accounts draw interest at the Suburban Trust Company.

YOUR WIFE'S BUSINESS.

Can she draw a check? The modern housewife has a bank account. It means money saved. The Suburban Trust Company offers special facilities for ladies.

The following was suggested to complete the trilogy, but was turned down as rather too frivolous.

NONE OF YOUR BUSINESS

Is properly done without an account at the Suburban Trust Company.

Your Family was substituted as a heading.

YOUR FAMILY.

You can care for it now, but who will when you are gone? Why not provide for expert care for your estate. The Suburban Trust Company is organized for this purpose.

The result—one thousand new accounts during the period of advertising.

The full influence of advertising by this and other methods is of course unknown. As long as business increases, however, in direct proportion to advertising done it is right that it should be given a share of the credit. Personality, conservatism and good management must always be given the first place.

Mr. Frederick Phillips, secretary of the Lincoln Trust Company of New York, whose advertising methods have played an important part

FREDERICK PHILLIPS.
Secretary Lincoln Trust Company, New York.

in the success of his company, spoke upon "Educational Banking Publicity," and said:

A very few years ago we discussed the propriety and dignity of advertising for banks and trust companies. To-day, please note, so progressive are we, that the discussion is upon new methods of advertising and their results. But that the times change is not a fact of so much moment as that we change with them. In these days advertising of some kind is as much a necessity to your business enterprise as your electric light and your typewriter; you can do without them, but how much better can you do with them?

Of the newer methods of advertising none is so interesting, and few more expensive, but no method, when properly applied, so productive, so profitable, as the direct personal solicitation of business. It is the nearest approach that I know to showing your wares, very much as the dry-goods salesman shows his samples, and if advertising is only a form of salesmanship, it reaches its apotheosis in the solicitation of bank and trust company business.

In this field, as well as in newspaper advertising, I am more or less at home, for I believe that in New York I was among the first, if not the very first, to introduce among banks the custom, now firmly established, of personally soliciting general business. But the best results are to be obtained, to my opinion, by a judicious combination of personal representation and newspaper advertising, supplemented by attractive circulars and well typewritten letters in good English.

Advertising cannot be considered a science, as many of its enthusiastic advocates assert—very far from it. That is to say, it is governed by no natural laws. You cannot apply to it the yard stick or the balance, measuring off so much and thereby achieving fixed and definite results to be calculated in advance; failure to appreciate this is largely responsible for disappointment among those who find advertising not to pay.

Nor is advertising a game of chance. Advertising is really an art and like all good art, based on scientific principles, and the governing principles in the case of advertising are chiefly psychological, the working of the average mind under varying conditions. Hence, while results from advertising may always be obtained, entirely successful results can only spring from the exercise of good judgment based upon a certain amount of experience which may have cost money, and upon sound knowledge of men, more or less instinctive.

Apart from the testimony of my own experience, convincing to me at least, I can only say that it is my belief, and I find myself well supported, that the vast increase in bank deposits and the widely extended use of trust company facilities during the past few years, are in no small measure the direct results of the new activity in financial advertising. The privilege of small checking accounts has tempted thousands to do business with the banks who formerly carried their funds in their pockets.

From safe deposit vaults, too, money has been drawn for equally safe and more profitable lodgement in the bank, and unless you are acquainted with the business you would be astonished to know how much money is thus locked up. From other hiding places and for various reasons small sums, but in the aggregate an enormous amount, have been drawn to find protection and productiveness in the banks of the country, thanks to advertising; while with a growing knowledge of trust companies, every day and everywhere the incompetency of the individual trustee is giving way to the corporate and legal responsibility reposing with these great institutions.

My own view with regard to bank and trust company advertising is that the best results are to be accomplished through educational advertising, looking to firmly establishing ourselves in the confidence of the community, for our chief asset is not our capital and surplus but the confidence in which we are held. I would have the public believe in us as it does in its physician, and know us as it does its merchant.

The present knowledge of the public with regard to our institutions is very limited. Few of our clients can name our officers, to say nothing of our trustees, and fewer still know the capital and surplus, while scarcely any have the least idea for what the figures in our statements stand, and there are, I am told, even those who don't see how we can make the statement balance to the penny. Our depositors and clients rarely investigate our institutions as one merchant would investigate another to whom he is allowing credit. In short, about the only items with which our public is familiar are the totals, and here the American love for the superlative is prone to place bigness above greatness.

In my scheme of educational advertising I would teach the principles upon which banking is founded; I would teach discrimination between the various classes of institutions; I would teach something of the principles of investment; I would teach the protection afforded by our banks and trust companies, and I would devote especial attention to our legal safeguards and to our moral and financial responsibility; I certainly would not advertise my resources as so many millions without stating my liabilities.

This educational advertising is being carried on by certain individual institutions with results that far exceed the most legitimate and hopeful expectation.

The best form of educational advertising that I ever saw applied to a bank statement was a fac-simile reproduction of the bank's report to the Comptroller; the next best was a condensed statement in which the various items were described and defined for the benefit of the public. As expressive of my views with regard to bank advertising I have conceived the fanciful notion that if the entire sum spent by the various banks and trust companies, each advertising its own wares and proclaiming its own excellence, were to be contributed to one general fund, and that fund judiciously disbursed in advertising that should educate the people at large to the discriminating disposition of their money and their fiduciary business, the results would prove of astonishing benefit to every bank and trust company in the country.

The promotion of educational bank advertising was, some of you may remember, the primary declaration of the Banking Publicity Association. I say "was" because this body while still in existence and with money in its treasury, is not, to my regret, an active working organization at the present time, but it contains potentialities, and right here I should like to suggest that later a motion be made to appoint a committee from this section which shall take up in part at least the intended work of the Banking Publicity Association. I suggest it to this section because the trust companies have proved themselves to be more progressive than their brethren in the banking section. It is we, in fact, who have blazed the way in advertising publicity for financial institutions.

At the same time, one of the important New York financial papers, I may say, the Wall Street Journal, which now and again editorially touches upon the subject of bank advertising, only lately asks:

> Have the bankers tried in any adequate way the method of advertising in order to teach the people the value of saving, and the principles of investment and to inspire that confidence which should exist between them and the bankers? Certain bold and unscrupulous speculators and many adroit unscrupulous promoters have not hesitated to use liberal quantities of printer's ink at great expense in order to secure that publicity necessary to get control of other people's money. Are our legitimate bankers to leave to these speculators and promotors this invaluable field of publicity? They indeed advertise now, but they do not advertise with that boldness and resourcefulness and power of expression which is necessary to gain the attention and inspire the confidence of readers.

This offers the thought, is there not something lacking in our common school curriculum which, teaching music, languages and the arts, takes no cognizance of the far greater importance of teaching at least the rudimentary elements of business economy with especial reference to practical banking, and the principles that have brought the trust company in its fiduciary capacities to so important a place in the complex life of today?

Mr. Benjamin I. Cohen, president of the Portland (Ore.) Trust Company, made an extemporaneous address, which was well received and which will appear in a later issue of THE BANKERS' MAGAZINE.

A Homelike Bank

is the American Savings Bank—no stiffness—no embarrassing formality, but a friendly atmosphere on all hands. Open an account on or before **Oct. 3,** and your money draws interest from Oct. 1st

4 Per Cent.

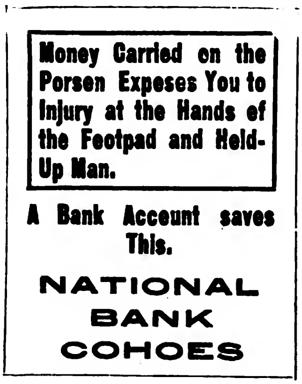
OPEN SATURDAY NIGHTS

American Savings Bank

215 Main Street

HARRIS TRUST SAVINGS SYSTEM.

A VERY useful book has just been published by the Harris Trust and Savings Bank—useful not only as an advertising device, but as a real stimulus to systematic saving. It is a blank book divided into columns headed with the various items of family expenditures, with a line for each day of the month and a space for totals for each month and a summary at the end of the year. One of the columns is headed "Deposited with Harris Trust and Savings Bank," which is of course expected to contain a generous number of entries. A carefully kept cash account is a good forerunner of a bank account, as foolish expenditures look doubly so when entered on the book. Mr. H. B. Mulford, advertising manager of the Harris institution, says that the book "meets our requirement better than any advertising that we have ever put out."



BANK EMBLEMS.

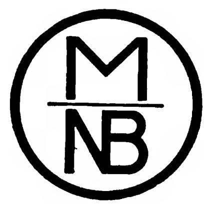
THE panel shown herewith with its accompanying figures of capital and surplus and deposits has become a distinctive feature of the advertising of

the Continental National Bank of Chicago.

Another Chicago emblem that is becoming familiar is that of the Drovers Deposit National Bank. The feature of the emblem is the arrow, which is significant of the quick service necessary in handling stock yard business, and was adopt-

ed to impress upon readers the superior facilities offered by this bank in this line.

The accompanying emblem is now appearing in all announcements of the Merchants National



Bank of Philadelphia, in connection with the terse phrase, "The Bank of Personal Service."

Here are also two emblems adopted by the Fidelity Trust

Company and Fidelity Safe Deposit Company of Kansas City.

PUBLICITY NOTES.

ON the occasion of the fiftieth anniversary of the connection of its vice-president, Mr. Appleton R. Hillyer, with the bank, the Aetna National Bank of

Hartford, Conn., issued a handsome commemorative cloth-bound volume, the work of Robert Grier Cooke.

The National City Bank of New Rochelle, N. Y., made an advertising feature of the recent opening of its handsome new building. Engraved invitations were sent out for three afternoon receptions in the new building before it was occupied by the bank—the first to special guests and members of the press, the second to patrons of the bank, and the third to the general public. The building was beautifully decorated with palms and floral pieces, refreshments were served and the guests were asked to register in a special book provided for that purpose. Mr. Henry M. Lester, president of the bank, is a persistent advertiser, and attributes no little of the success of his bank to this means.

The well-known paraphrase, "Where there's a Will there's a Lawsuit," has again been changed to "Where there's a Will there's Peace of Mind," as the title of a new booklet by the Colonial Trust Company of Philadelphia. It deals with the importance of making a will and of appointing this company as executor. The same company has issued another booklet, attractively printed in a combination of blue and brown, entitled "Two Words to Our Depositors." The words are "Thank You," and the idea is a good one.

Those who attended the recent A. B. A. convention at Atlantic City found in their mails at the hotels a cordial invitation from the Equitable Trust Company of New York to use its office as headquarters while in New York after the convention.

An attractively designed folder was issued by the Riverside Trust Company of Hartford, Conn., on the occasion of its opening recently.

According to Printer's Ink, the St. Paul Dispatch has distributed 40,000 medals among the city's inhabitants, each of which will be accepted by the Security Trust Company as a fifty cent deposit from persons starting a savings account with fifty cents in cash. In other words, any person having a Dispatch medal may start an account of $1 at the designated bank. This is a novel way to awaken widespread interest in a savings account.

HOSTILITY TO CAPITAL.

IN commenting on the alleged hostility to capital and great wealth, the New York "Journal of Commerce and Commercial Bulletin" says:

"That this copper 'combine,' which has been, perhaps, the most flagrant instance of unscrupulous methods in organization, control and management, and in the use of financial power for selfish ends with which the country has been cursed, is an unmitigated evil to the industries and commerce of the nation does not admit of doubt. It illustrates the consequences of allowing the natural resources of the country to be gradually monopolized by a combination of greedy, crafty and conscienceless adventurers, and presents a problem which will yet have to be grappled with in a way to produce more outcry against 'hostility' to capital and great wealth. The hostility is to the unscrupulous and corrupt way in which capital is used and wealth is acquired, and if that evil continues to flourish the hostility will increase until it becomes deadly."

CORN EXCHANGE NATIONAL BANK, PHILADELPHIA.

THE growth of this bank in recent years has very naturally attracted considerable attention—all the more so as it is known that it has been attained by strict adherence to prudent banking methods. Since 1892 the capital has remained the same—$500,000—but the surplus and net profits have grown as follows:

	Surplus and Net Profits.	Deposits.
1892..................	$357,081	$3,929,572
1897..................	503,276	5,705,039
1902..................	781,745	13,977,757
1907..................	1,239,777	14,662,594

This shows a gratifying increase both in size and strength, and indicates that the bank, while progressive, has a strong hold on public confidence.

The Corn Exchange National Bank, which was, previous to 1864, a state bank, organized under the name of the Corn Exchange Bank. In 1864 it took out a national charter. The bank was originally started by the late Senator A. G. Cattell of New Jersey. He and a number of his friends then connected with the Corn Exchange of Philadelphia formed the bank to finance the business of the grain people. The name "Corn Exchange" was afterwards changed to the "Commercial Ex-

BENJAMIN GITHENS,
President Corn Exchange National Bank, Philadelphia.

change," but many of the people in this line of business still continue their accounts with the bank.

The Corn Exchange National Bank, however, not only caters to the grain trade, but has customers in practically every line of active commercial business. The board of directors are efficient men who have made success in their line and who are interested in the welfare of the bank.

During the last ten or fifteen years the bank has built up a large out-of-town business, and its correspondents, numbering hundreds, are scattered throughout the United States.

CHARLES S. CALWELL,
Cashier Corn Exchange National Bank,
Philadelphia.

M. N. WILLITS, JR.,
Assistant Cashier, Corn Exchange National Bank,
Philadelphia.

VIEW OF PORTION OF BANKING ROOM, CORN EXCHANGE NATIONAL BANK, PHILADELPHIA.

The Corn Exchange National Bank has a capital of $500,000, surplus of $1,100,000 and net profits of $150,000. Its deposits average between $15,000,000 and $16,000,000, and its resources total $18,000,000. The great growth of the bank has been since 1892, when deposits were less than $3,000,000. Surplus and net profits at that time were only $357,-000. The past year the earnings were 47 per cent. on the capital—the largest earnings on capital of any of the Philadelphia banks.

BOARD ROOM, CORN EXCHANGE NATIONAL BANK, PHILADELPHIA.

VIEW OF CEILING, CORN EXCHANGE NATIONAL BANK, PHILADELPHIA.

The bank is well equipped to handle both mercantile and out-of-town business, and is very careful of its reputation for conservatism and progressive banking methods.

Its officers are: President, Benjamin Githens; vice-president, William W. Supplee; cashier, Charles S. Calwell; assistant cashier, M. N. Willits.

GARFIELD NATIONAL BANK, NEW YORK CITY.

ONE of the landmarks of the retail business district of New York are the heavily barred windows of the Garfield National Bank, in the Masonic Temple Building, at the corner of Sixth avenue and Twenty-third street. Organized in 1881, the Garfield has been a highly successful institution, judged from its substantial growth, its present strong financial position and its returns to stockholders. In 1898 and 1899 the bank paid dividends of 40 per cent., and in 1900 50 per cent. This was on the old capital of $200,000, increased in 1901 to $1,000,000. On the latter capital 12 per cent. has been regularly paid, but since 1902 an extra annual dividend of 8 per cent., making 20 per cent. in all, has been disbursed to stockholders.

The Garfield National Bank is especially equipped for caring for the interests of out-of-town depositors who desire the convenience of a New York account. The bank's extensive credit department is frequently of value to out-of-town customers as a means of reference or identification and they are invited to avail themselves of its services and to make the bank their business headquarters while in the city. An attractive ladies' department has also been provided for the special accommodation of women who find the bank especially convenient in the heart of the shopping district.

Mr. R. W. Poor, the president of the bank, has been identified with the institution over nineteen years. He was born in New Hampshire and received his early training with the Littleton Savings Bank and Littleton National Bank, in that state, having been cashier of the latter. He came to the Garfield in 1888, became assistant cashier in 1891, cashier in 1892, and in 1902 was elected president, which position he has administered with conspicuous success, maintaining the best traditions of sound banking.

The other officials are: Vice-presidents, C. W. Morse and James McCutcheon; cashier, W. L. Douglass; assistant cashier, A. W. Snow; directors, James McCutcheon, Charles T. Wills, Charles W. Morse, Harry F. Morse, Ruel W. Poor, Samuel Adams, Alfred J. Cammeyer, William H. Gelshenen, Judge Morgan J. O'Brien.

The latest statement of the bank, October 1, 1907, shows as follows:

RESOURCES.		LIABILITIES.	
Loans and discounts	$6,264,766.02	Capital	$1,000,000.00
U. S. bonds	100,000.00	Surplus	1,000,000.00
Other securities	1,360,259.72	Undivided profits	376,626.98
Due from banks & bankers	373,298.67	Circulating notes	49,200.00
Due from U. S. Treasury..	29,500.00	Deposits	8,463,932.35
Cash	2,761,934.92		
Total	$10,889,759.33	Total	$10,889,759.33

Main Banking Room.

Safe Deposit Vaults.

The Lobby.

The Ladies' Room.

Officers' Quarters.

Ladies' Reception Room.

GARFIELD NATIONAL BANK, NEW YORK CITY.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

Bonds as Investment Securities. Philadelphia: American Academy of Political and Social Science. (Price, paper, $1.00; cloth, $1.25.)

This is a series of papers, with the following titles and authors:

"The Proper Basis of Bond Accounts When Held for Investment," Col. Charles E. Sprague, President, Union Dime Savings Institution, New York City; "The Valuation of Bonds on an Income Basis," Col. Charles E. Sprague; "Bond Redemption and Sinking Funds," C. M. Keys, Financial Editor, "The World's Work," New York city; "Value of a Bond Department to a Bank or Trust Company," George B. Caldwell, Manager, Bond Department of the American Trust and Savings Bank, Chicago; "Tables of Bond Values—Theory and Use," Montgomery Rollins, Esq., Boston; "Essential Recitals in the Various Kinds of Bonds," Andrew Squire, Esq., Cleveland, O.; "Organization and Management of a Bond House," William Foley, Manager Bond Department, Mercantile Trust Company, St. Louis, Mo.; "Bond Salesmanship," William Foley; "Selling American Bonds in Europe," Charles F. Speare, Financial Editor, New York "Evening Mail," New York; "Methods of Auditing and Accounting in a Bond House," Charles S. Ludlam, with Haskins & Sells, Certified Accountants, New York; "Bonds as Additional Banking Reserve," William C. Cornwell, Associated with J. S. Bache & Co., New York; "Railway Bonds as an Investment Security," Floyd W. Mundy, of J. H. Oliphant & Co., New York; "Interurban Railway Bonds as an Investment Security," Edgar Van Deusen, of P. W. Brooks & Co., New York; "Real Estate Bonds as an Investment Security," George A. Hurd, Vice-President, Mortgage-Bond Company, New York City; "Industrial Bonds as an Investment Security," Lyman Spitzer, of Spitzer Bros., New York City and Toledo, O.; "The Physical Condition of a Municipality Issuing Bonds," Harry E. Weil, of Weil, Roth & Co., Cincinnati, O.; "Municipal Bonds Explained," Harry E. Weil; "Protection of Municipal Bonds," Park Terrell, Manager of Bond Department, Columbia Trust Company, New York; "Classification and Description of the Various Kinds of Bonds," F. A. Cleveland, Ph.D., of Haskins & Sells, Certified Accountants, New York; "Bonds in Their Relation to Corporation Finance," F. A. Cleveland, Ph.D.

Both the academic and the practical are well represented by the contributors, while the list of subjects covers a wide range.

The solid investment literature of the country has increased largely in recent years, and it will be further enriched by this volume. Banks' savings institutions, trust companies, and the general investor need such information, now more than ever when there is such a multiplicity of securities offered them, to aid in forming a sound judgment respecting their investments.

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CAPITAL: A CRITIQUE OF POLITICAL ECONOMY. By Karl Marx. Translated from the third German edition by Samuel Moore and Edward Aveling. and edited by Frederick Engels; revised and amplified according to the fourth German edition by Ernest Untermann (2 volumes); Chicago: (1906) Charles H. Kerr & Co.

Since the first German edition of "Capital" in 1867, this work has become so well known that it would be a work of supererogation to attempt any review of it here. What is of importance, however, is that this is declared to be the first complete English edition of the entire Marxian theories of Capitalist Production.

In these times, when economic theories are being examined with fresh interest, the work of Marx can hardly be neglected by any one who wishes to be thoroughly informed on these matters.

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THE AUTOMOBILIST ABROAD. By Francis Miltoun; with many illustrations from photographs, decorations, maps and plans, by Blanche McManus. Boston: L. C. Page & Co.

Many places of interest hertofore remote and inaccessible by rail have been placed within easy reach by the automobile, thus enabling the tourist to get outside the beaten track. These localities are described in a gossipy informal way, mingled with very much of special interest to those who delight in this mode of travel. A great deal is said about hotels—both those which are good and those which are indifferent or bad. These latter the automobile is doing much to extirpate, and its work in this direction should be set down to the machine's credit.

The volume contains 381 pages, and besides the text it has a number of pleasing pictures.

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THE BOND BUYERS' DICTIONARY; edited by S. A. Nelson, author of the A B C of Wall Street; the A B C of Stock Speculation, and the A B C of Options and Arbitrage. New York: S. A. Nelson & Co., Incorp. (Price, $2.)

This is in fact more than its name implies, for it is not a mere definition of the various classes of bonds, but contains very complete descriptions of them, under the following general headings: "Government Bonds;" "Municipal Bonds;" Railroad Bonds;" "Real Estate

Mortgage Bonds;" "Industrial and Public Service Bonds;" "Savings Banks and Bonds;" "Underwriting and Distributing Bonds."

It contains a large amount of compact information, conveniently arranged for reference, and should prove valuable to bankers and investors generally.

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FIFTY YEARS OF BANKING IN CHICAGO. By William Hudson Harper and Charles H. Ravell. Chicago: The Merchants' Loan and Trust Company.

The volume commemorates the fiftieth anniversary of the Merchants' Loan and Trust Company of Chicago—the oldest bank in that city. This bank passed through the great fire of 1871, though losing its records. Starting in 1857 with $500,000 capital, there have been increases from time to time until the present figure of $3,000,000 has been reached. The surplus has grown from $100,000 in 1877 to $4,-273,851 on May 21, 1907, while the deposits, in the same period, from a total of $2,321,000, mounted up to $49,857,000. In 1887 the deposits were $8,000,000, and in 1897 they were $18,000,000, compared with the present total of nearly $50,000,000. These results have been attained without consolidation or merger, and may be attributed to the sound and energetic policy of the company, aided, of course, by the growth of the city and the surrounding territory. In addition to the history of the bank, there is much interesting matter about early banking in Illinois.

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RAILWAY CORPORATIONS AS PUBLIC SERVANTS. By Henry S. Haines. New York: The Macmillan Company.

Both as an author and practical railway man Mr. Haines is admirably equipped to deal with this important and timely subject. His exposition of the various phases of the railway problem will aid the student, legislator and publicist in getting a clear and comprehensive view of the relations between the public and the railways.

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NOTES.

—"Appleton's Magazine" for October, in addition to the usual attractive table of contents, contains two articles that appear to be addressed to those who have a taste for financial subjects. There is a short story by Porter Emerson Browne, called "A High Financier," and an illustrated article by W. G. Nicholas on "Hazing in Wall Street."

GERMAN THALERS.

GERMAN Thalers will no longer be legal tender for payments, dating from October 1, but can be exchanged after at the Reichsbank.

H. C. McELDOWNEY,
President Union Trust Company, Pittsburgh.

UNITED STATES NOT UNPOPULAR IN SOUTH AMERICA.

DR. L. S. ROWE, of the University of Pennsylvania, has just returned from a sixteen months' tour through South America. He was a delegate to the Pan-American Conference in Rio last summer, and afterward made a trip through Brazil, Argentina, Uruguay, Chile, Bolivia and Peru.

"The United States must avail itself of the wave of good feeling sweeping over Latin America," said Dr. Rowe. "We must make an effort to understand the South American civilization. We must discard the belief that in those countries government is unstable, law is administered corruptly and respect for person and property almost lacking.

In all the countries I visited the stability of government is an assured fact, and person and property are well protected. Foreign capital need have no fear of discrimination or denial of justice. In fact, all the governments are willing to offer special inducements in order to attract American capital.

Commercially, the trend is distinctly toward the United States. In spite of all obstacles, American trade is increasing more rapidly than that of any other country. But the greatest of the opportunities of the United States in its relations with South America is in the work of educational reorganization. French and in part German methods have dominated the educational organization of Latin America, with results, in most cases, unsatisfactory. Neither the French nor the German system is adapted to South American conditions. There is a growing conviction that the American system, with its more practical turn and its emphasis on the development of individuality and character, is best adapted to the training of the young. In almost every town that I visited I found a demand for American teachers, and bring with me definite offers from Argentina, Chile and Bolivia."

MEXICAN MINES LEASED BY UNITED STATES CAPITALISTS.

THE famous Alvarado Mines, in Mexico, have been leased by Joseph A. Coram and others of Boston. The properties are owned by a Mexican peon, Pedro Alvarado, who came into possession of them by accident. His sensational extravagance has attracted much attention, and it was only last year that he made the Mexican Government the proposition to pay the entire debt of the republic.

The properties have yielded since he has owned them $18,000,000 and fabulous sums have been offered for them. Alvarado's extravagances have landed him heavily in debt, and he has at last been forced to relinquish the control of his bonanza. A lease has been secured by the Boston people for fifteen years. Under the terms of this lease a payment of $100,000 in gold is to be immediately made and $300,000 is to be loaned Alvarado at the rate of 7 per cent. per annum. The lease provides, likewise, that the lessees shall have 55 per cent. of the net profits, the balance going to Alvarado, out of which the three-hundred-thousand-dollar loan is to be repaid.

Alvarado himself estimates that at least $2,000,000 can be taken from the property each year, but the lessees are satisfied that with modern equipment the property can be made to yield double that amount.

BUSINESS ACTIVE IN CHILE.

CONSUL A. A. WINSLOW, of Valparaiso, reports that during the past year stocks and bonds have been very active in Chile, his dispatch reading:

"Speculation seems to have possessed the people of this country as never before. The transactions, however, are almost entirely in local stocks. But few of the companies have earned large dividends, aside from the nitrate companies. Many of the enterprises are lagging for lack of sufficient money to develop them. There are many good openings here for capital to be profitably invested, and this is especially true of an American bank, with strong connections in the United States. I was informed by the cashier of one of the foreign banking companies here, of which there are seven, that the profits of his bank last year amounted to more than 50 per cent. on the capital stock. This city is now ripe for an American banking house. Our export business needs it and should have it.

During the six years ending with December 31, 1906, there were 438 stock companies organized in Chile, with an aggregate capital of $151,-949,296 United States currency.

Of these companies more than 84 per cent. were organized during the years 1904, 1905, and 1906, while about 40 per cent. were organized in 1906, and 1907 promises to measure well up. This is more or less an abnormal condition, but to some extent indicates the expansion of the country, which is being held back for lack of transportation. Some important railway projects are now being considered by Congress."

A NEW FRENCH BANK IN BRAZIL.

THE "Brazilian Review" states that by executive decree dated August 1 authority to operate in the Republic has been granted to La Banque du Credit Foncier du Bresil, which at present has its head office in Paris. The capital will be increased to 25,000,000 francs (franc equals $0.193) and a house opened at Rio de Janeiro. The bank will undertake all legitimate banking, mortgage, and deposit business, and lend money on collaterals. Bonds will be issued redeemable by drawings or other means, with or without premium, the product of which will be used solely for the purposes of the legitimate banking business, etc., referred to. The bank will only advance money on first mortgages and the amount advanced must never exceed two-thirds of the value of the property. Questions of interest, duration, and redemption, etc., of these loans will be determined by the board or by their representatives in Brazil at the time that the loan is made.

INCREASING PURCHASES OF BRAZIL.

OFFICIAL statistics have been issued at Rio de Janeiro giving the foreign trade of Brazil for the first six months of 1907. The importation of goods from the United States amounted to $11,673,405, an increase of 24.4 per cent. over the first half of 1906. British merchandise advanced 42.5 per cent., to $27,112,950, while sales of German goods expanded at a still more rapid rate, the percentage of increase being 46.1 per cent., the amount going up from $9,516,534 to $13,903,858. The aggregate imports of Brazil for the first six months of the calendar year amounted in 1906 to $70,199,135 and in 1907 to $91,974,402.

GENERAL NOTES.

—"Tropical and Sub-Tropical America" is the title of a monthly magazine shortly to be issued by Tropical America Publishing Co., 18 Frankfort street, New York city. The publication will be launched at an opportune time, and will start out well equipped for collecting and disseminating information about the countries to the South.

—There is said to be an opening for a trust company at San Juan, Porto Rico.

—Hon. Enrique C. Creel, the Mexican Ambassador to the United States, was recently inaugurated as Governor of the State of Chihuahua, Mexico—a position which will not necessitate the relinquishment of his post as Ambassador.

—On September 6 the Peruvian Chamber of Deputies gave its sanction to the contract under which Alfred MacCune, an American, is to construct a railway system between Huacho, Cerro de Pasco and the Ucayali River. The Government grant is $10,000,000.

—"The Wall Street Journal" says: "The announcement from London of a new Brazilian loan of $15.000,000 to be issued shortly suggests the possible directions in which funds may be utilized in the present program of Brazilian development. Of these there are four possible uses, namely, for securing the coffee stocks, for municipal improvements, for railway projects and for the development of shipping.

It is generally understood that there is no further need of doing any financing on account of the valorization project before December, 1908. In municipal improvements, the capital city of Rio has within recent months been in the market for loans with only moderate success. The railway projects of Brazil are as a rule being financed by outside capital without immediate obligations on the part of the governments, local or national. For the encouragement of shipping, Brazil has in the last two years created a debt of $5,000,000 and $7,500,000 respectively, chiefly in connection with the Lloyds-Brazileiro Co. Under the same policy and at the same rate of increase, a loan of $10,000,000 would be in order for this purpose this year, though no such financing has been announced. Improvements of wharves and other terminal facilities at the great seaports have also called for loans for which provision is usually made locally."

—The Government of Chile has informed the State Department that Senor Don Anibal Cruiz Diaz has been appointed Minister to represent that country at Washington, thus filling the vacancy in that rank that has existed for a year or more, during which Senor Don Alberto Yoacham, first secretary of legation, has been Charge d'Affaires.

Senor Cruiz is not a stranger to Washington, for he was secretary of legation in 1891-2, when Senor Montt, now President of Chile, was the Minister from that republic to the United States, and he also represented his Government here in 1901 in the adjustment of the claims of American citizens for damages sustained during the Chilean revolution. He has been Minister of War, is now a member of the Chilean Chamber of Deputies and has achieved marked prominence as a lawyer. He is about 42 years of age.

—At a recent meeting of directors of the Banco Central Mexicana of Mexico City, the capital stock was increased to $30,000,000 from $21,000,000. It is now the most heavily capitalized bank in Mexico with one exception. Hon. Enrique C. Creel, the distinguished Ambassador of Mexico to the United States, is president of the bank.

—The service of electric power in the city of Rio de Janeiro from the great water power developed at Ribeirao das Lages was inaugurated on July 30. The development of this power and the enterprises connected with it represent one of the greatest elements in commercial and industrial development in Brazil at the present time.

—In a report from Rio de Janeiro Consul-General G. E. Anderson states that the final official figures for the coffee crop of Brazil for the year ending June 30 show that the total entries in all Brazil reached 20,409,180 bags, representing an increase over the previous year of 9,353,802 bags, or 84.6 per cent., and an amount over the average for the past four years of 8,948,797 bags and exceeding the previous banner crop of 1901-2 by 4,132,715 bags, or 25.4 per cent.

—Deposits of the National Bank of Cuba, located at Havana, have increased as follows since 1901:

December 31, 1901	$4,179,995
December 31, 1902	5,026,885
December 31, 1903	6,110,866
December 31, 1904	9,455,585
December 30, 1905	11,264,329
December 31, 1906	13,710,893
June 29, 1907	14,604,270

—Barber & Co. of New York announce the establishment of a new line of steamers to the West Coast of South America, which will make Valparaiso, Iquique, Callao and other large ports along the coast their destination. The line will be opened with a six weeks' service, with the operation of half a dozen boats.

The new service is in addition to the other lines now operated to South American ports by Barber & Co., and is established because of the company's belief that the growing business warrants such an extension.

—Concerning Secretary Root's Mexican tour, the New York "Sun" says:

"Our relations with Mexico are close and cordial. The Secretary's visit will strengthen the bonds. Development across the Rio Grande during recent years has been almost marvellous. This country is deeply interested in that development and has contributed toward it and shared in it in abundant measure. It is reported on good authority that not far from $750,000,000 of American money is employed across the border. During the last ten years our sales to Mexico have increased from $23,400,000 to $66,250,000. Our imports within the same time have increased from $18,500,000 to $57,233,416. During the last two years there has been an increase of more than $20,000,000 in our exports, and more than $10,000,000 in our imports."

MONEY, TRADE AND INVESTMENTS

New York, Oct. 4, 1907.

THE SALE OF $40,000,000 4½ per cent. bonds by the City of New York was the principal financial event of the past month. There were more important happenings, but none which before and after attracted more wide-spread attention. It is rather an anomaly that a city which in December, 1900, sold its 3½ per cent. bonds at a price better than 112, and in January, 1901, 3 per cent. bonds at about 101½, should now rejoice at being able to dispose of bonds bearing 4½ per cent. interest, at a price not much above par. But such is the case. It is, however, no reflection upon the credit of the city. There is not a financial authority anywhere probably who will not concede that a 4 per cent. bond of the City of New York is well worth par, but the times have been out of joint and bonds of the very best class have not been easy to sell for some time past. Four times in the present year has the city offered its bonds at public sale. On February 1, $30,000,000 4 per cent. bonds were offered and all but $2,489,000 were sold at an average price of 100.39, as compared with 101.42 on December 14, 1906. On June 28, $29,000,000 4 per cents. were offered, but only $2,121,840 were subscribed at an average price of 100.094. On August 12, out of $15,000,000 offered, only $2,713,485 were taken at about par. The city then undertook to sell its bonds over the counter and some creditors of the city, anxious to get their money, took some of the bonds and promptly sold them for what they could get, causing a heavy fall in the price and damaging the credit of the city as a borrower. Having the authority of the State, the city authorities decided to offer an issue of 4½ per cent. bonds. On September 10 the subscriptions were opened, and it was found that 886 bids had been presented aggregating $205,800,980 or five times the total offered. There were $35,000,000 bonds maturing in 1957. These brought an average of 102.063, or on a 4.39 basis. An issue of $5,000,000 had ten years to run and the average price of these bonds was 100.30, or on a 4.46 basis. Bonds were sold in 1900 and 1901 on a 2.982 and 2.93 basis, respectively. Since the bonds were sold by the city there has been an advance in the price, but there is a difference of opinion as to the influences which caused it. Some claim that there is a legitimate demand for the bonds at an advanced price, while others contend that there has been an endeavor artificially to create a market. At all events, the disposal of the $40,000,000 of bonds by the city has had a favorable effect upon the general bond market and upon financial sentiment as well.

The money market has been in a state not easy to describe. Call money at no time went above 6½ per cent. and was as low as 1 per cent. During the greater part of the month rates were in fact low, but at no time could it be said that money was easy. On the contrary, there is a strained feeling and any business concern in need of money finds it anything but easy to get accommodation.

While this has been the case here, the money situation abroad has taken a more favorable turn, the effect of which has been apparent in the sterling exchange market, which declined almost to the gold-importing point.

One of the surprising events of the month was the rapid decline in the price of copper. A few months ago it was 25 cents a pound, and last month it fell to below 16 cents. Several copper-producing companies reduced their dividends, among them the Wolverine and the Utah Consolidated. The Calumet & Hecla reduced its quarterly dividend from $20 to $15 per share. The Amalgamated Copper directors decided to close the Butte mines, reducing copper production one-half. The price of the stock declined during the month from 74½ to 56¼, touching the lower figure on September 28. At the beginning of the year this stock sold at 121⅞.

The only explanation is that the production of copper has outstripped the demand and there has been a large accumulation of unsold stock with no indication of any immediate improvement in the situation.

The iron and steel trades also have suffered a check in their career of prosperity. Pig iron production continues at near its maximum record, the weekly output on September 1 being 508,568 tons, as compared with 528,170 on July 1, when the high record was made. The August output was 2,250,410 tons, or only 5,250 tons less than the largest monthly total, which was made in the previous month.

The falling off in orders of the United States Steel Corporation was noted when its last statement of earnings was published. The situation since has not improved and the effect upon the stocks of the corporation has been unfavorable, the common declining to 26⅜ from 33⅛, the highest in September, and from 50⅜, the highest for the year. The preferred stock, which sold as high as 107¾ last January and at 96 on September 6, touched 87¼ on September 30.

The local traction situation has commanded considerable attention. Early in the month the Interborough-Metropolitan Company passed the quarterly dividend on the preferred stock. This company owns nearly all the stock of the Interborough Rapid Transit Company, while the latter in turn controls the companies owning and operating the lines of the Metropolitan Street Railway, New York City Railway and allied roads. On September 24 two receivers for the New York City Railway were appointed by the United States Court. In the meantime the Public Service Commission has been delving into the past records of the traction companies and another revelation of corporate methods has been made to the lasting injury of many reputations.

Again arises the outcry against the damage done to confidence and again the question arises, Who are responsible for the damage—those who reveal the wrongdoing or those who have done the wrong? Is it better for the community to know what is being done in the inner circles of finance, and to ascertain how to protect its rights, or to be kept in ignorance and suffer every outrage which unscrupulous men with opportunity in their grasp choose to inflict upon it?

In the traction disclosures it appears that Ryan and Belmont, two millionaire financiers, were arrayed against each other. Each probably was well aware what the other was doing, but neither took the public into his confidence or gave the game away.

In another fight now under full headway the public is getting more enlightenment. Another contest is being waged for the control of the Illinois Central Railway and proxies are being solicited by the two contestants, Messrs. Fish and Harriman. The revelations already made in this controversy are sufficient to shake the confidence of the average thinking individual in the unselfishness of great financiers of the modern school.

Another reminder of the change that has taken place in the financial situation came in the announcement last month that the syndicate which had underwritten the convertible bond issue of the Union Pacific would have to take the bonds. The total issue was $75,000,000, and the syndicate was called upon to take 97½ per cent. of the entire amount, only $1,875,000 having been disposed of. The syndicate had to put up some $36,000,000 in cash last month, representing the balance of 50 per cent. due on the subscription.

History repeated itself again last month, when a rapid decline in New Haven stock followed the announcement that $29,270,400 of new stock would be offered to the shareholders at 125. The stock was quoted at 160 at the beginning of September, and last January sold at 189. In 1905 the stock was as high as 216, and in 1902 commanded 255. In the face of such quotations the right to buy the stock at 125 would seem to be a valuable privilege, but on the announcement of the issue the price fell nearly 20 points. The stock pays 8 per cent. per annum, but confidence that the rate will be maintained was evidently not very strong, or the decline is otherwise inexplicable.

The operations at the New York Stock Exchange in September were the smallest for any month of the current year, with the exception of June. The sales of stocks were 12,000,000 shares, while in August they were over 15,000,000 shares and in September, 1906, 25,000,000 shares. The listing of the New York City 4½ per cent. bonds on the Stock Exchange and the temporary activity in them caused an increase in bond transactions which amounted to $36,000,000. This is $7,000,000 more than in August, but $8,000,000 less than in September last year.

The financial conditions evidently have not inspired the inauguration of many new enterprises. It is estimated that the capital of all companies incorporated in September was less than $114,000,000, as compared with $164,000,000 in August and $242,000,000 in September last year. On the other hand, the interest and dividend disbursements in October by various corporations make a very satisfactory showing. The dividend payments aggregate nearly $85,000,000 and interest payments $76,000,000, a total of $161,000,000. In October last year these disbursements amounted to about $150,000,000.

The commercial failures last month were larger as to liabilities than for any month since December, 1903. The failures were 8,090 in number and $116,000,000 in amount of liabilities as reported by R. G. Dun & Co. The failures in September, 1906, were 7,912 and liabilities $84,000,000.

An investigation by the Bank Commissioner of Kansas into the holdings of commercial paper by the banks of that State has brought into notice the changed financial condition prevailing in the western portion of the country. For some time past banks and bankers in Kansas have been buying commercial paper on which high rates of interest are realized. There is nothing to indicate that the paper is undesirable, certainly not as a whole, but the banks now hold so large a quantity that the banking authorities, both State and national, are inclined to exercise every precaution against the development of unwise methods in this field of investment. The most interesting fact, however, is that the banks of Kansas and of other Western States have so much money to loan, and also that their money is going into sections upon which the western borrower formerly depended as the source of his loans.

The latest returns of the national banks of the United States, just published by the Comptroller of the Currency, indicate that the West and South are at present outstripping the East in banking resources. The figures are for August 22, this year, and a comparison with those of September 4 last year shows some surprising changes. The following table gives the increase or decrease in individual deposits and loans for the year in the six territorial divisions:

		Individual Deposits.		*Loans.*
New England	Increase	$1,889,186	Increase	$17,480,134
Eastern	Decrease	82,902,000	Increase	71,587,949
Southern	Increase	53,439,738	Increase	76,224,719
Middle Western	Increase	81,778,036	Increase	187,816,967
Western	Increase	43,956,251	Increase	46,395,858
Pacific	Increase	20,935,935	Increase	30,145,031
Total U. S.	Increase	$119,097,092	Increase	$379,600,658

While the deposits in the Eastern States fell off nearly $83,000,000. in the rest of the country there was an increase of $202,000,000. While the largest aggregate increase is in the Middle Western States, the largest ratio of increase is in the Western States, which comprise Kansas, Nebraska, the Dakotas, Colorado, Montana, Wyoming, New Mexico, Oklahoma and Indian Territory. In this section the increase in deposits in the last year has been 14 per cent., the Southern following with 12½ per cent., then the Pacific—which includes the island possessions—8½ per cent., and the Middle Western 7 per cent. The decrease in the Eastern States is accounted for by the loss of $126,000,000 in New York City alone. Of the increase of $379,000,000 in loans only $89,000,000 was in the New England and Eastern States.

A more interesting comparison and one which more clearly determines the relative development of the respective divisions of the country will be found in the following table, showing the deposits of the national banks at dates five years apart and covering a period of ten years:

	July 23, 1897.	*Sept. 15, 1902.*	*Aug. 22, 1907.*
New England	$290,258,118	$349,265,340	$380,428,611
Eastern	811,554,808	1,409,921,225	1,633,728,046
Southern	128,066,468	266,896,601	478,882,272
Middle Western	416,155,742	885,326,926	1,203,910,887
Western	84,336,180	198,370,054	354,992,459
Pacific	40,109,247	119,493,747	267,093,127
Total	$1,770,480,563	$3,209,273,893	$4,319,035,403

From 1897 to 1902 the deposits of all the national banks increased $1,438,000,000, nearly one-half of which was in the Eastern and New England States. In the five years 1902 to 1907 the total deposits increased $1,110,000,000, and only $225,000,000, or about 20 per cent., was in those two sections. In the Middle Western States the increase was $338,000,000, or more than $100,000,000 in excess of the increase in both the Eastern and New England sections, while in the Southern States the increase was $212,000,000 as compared with $224,000,000 in the Eastern States. A similar comparison of loans is here made and comment is withheld, as the figures will speak for themselves.

	July 23, 1897.	*Sept. 15, 1902.*	*Aug. 22, 1907.*
New England	$396,830,118	$418,980,088	$436,744,905
Eastern	849,395,638	1,385,670,210	1,786,760,076
Southern	157,801,091	283,354,158	557,050,515
Middle Western	461,008,299	947,769,140	1,350,690,110
Western	76,797,644	161,175,150	305,806,928
Pacific	35,720,921	83,178,734	241,531,434
Total	$1,977,553,711	$3,280,127,480	$4,678,583,969

The prosperity of the country is "writ large" in these figures and from them may be drawn very hopeful views regarding the immediate future. Whatever may be the conditions in New York that excite apprehension, they can find no justification in the reigning prosperity of the country at large.

The New York Clearing-House Association completed its fiscal year on September 30, and its annual report showed clearings for the year of $95,315,421,237, as against $103,754,100,091 for the previous year. This decrease of over $8,000,000,000 is said to be due to the inactivity of the security markets. That the entire country is not reflected in this statement may be assumed from the fact that while the bank clearings in New York for the eight months ended September 30 show a decrease of over 10 per cent., the total clearings outside of New York show an increase of nearly 10 per cent.

The Money Market.—Rates for call loans in the local market were not high at any time during the month, although money is by no means easy. The extreme range was 1@6½ per cent., while time money has

Money Rates in New York City.

	May 1.	*June 1.*	*July 1.*	*Aug. 1.*	*Sept. 1.*	*Oct. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances	1¾–2¼	1¾–2⅛	6 –12	2 –3⅛	2½–4	4 –6
Call loans, banks and trust companies	1¾–2	1½–	2½–	2½–	2½–	2½–
Brokers' loans on collateral, 30 to 60 days	3⅛–	2½–3½	4 –⅛	5 –	5 –⅛	5¾–6
Brokers' loans on collateral, 90 days to 4 months	3¾–4	3¾–4	4½–5	5½–¾	6 –⅛	6 –⅛
Brokers' loans on collateral, 5 to 7 months	4½–	4½–¾	5¼–7	6 –¼	6½–7	6 –½
Commercial paper, endorsed bills receivable, 60 to 90 days	5½–6	5 –½	5½–	6 –	6½–	7 –
Commercial paper, prime single names, 4 to 6 months	5½–6	5 –½	5½–6	6 –⅛	6½–	7 –
Commercial paper, good single names, 4 to 6 months	6 –7	5½–	6 – 6½	6½–7	6½–7	7 –

been at 5@6 per cent. At the close of the month call money ruled at 4@6 per cent., with the majority of loans at 4 per cent. Banks and trust companies loaned at 2½ per cent. as the minimum. Time money on Stock Exchange collateral is quoted as 5¾@6 per cent. for sixty days, 6@6½ per cent. for ninety days to six months, on good mixed collateral. For commercial paper the rates are 7 per cent. for sixty to ninety days' endorsed bills receivable, 7 per cent. for first class four to six months' single names, and 7 per cent. and higher for good paper having the same length of time to run.

New York City Banks—Condition at Close of Each Week.

Dates.	*Loans.*	*Specie.*	*Legal tenders.*	*Deposits.*	*Surplus Reserve.*	*Circulation.*	*Clearings.*
Aug. 31...	$1,087,985,400	$200,889,500	$ 69,530,900	$1,046,655,800	$8,756,450	$50,308,500	$1,290,274,400
Sept. 7...	1,088,597,200	200,317,400	68,676,200	1,046,485,000	7,372,350	50.477.000	1,223,128,600
" 14...	1,088,972,200	198,909,900	69,221,900	1,044,852,400	6,918 700	50,649,200	1,640,946,000
" 21...	1,097,579,000	202,398,300	70,264,500	1,057,023,600	8,405,100	50,658,400	1,577,612,000
" 28...	1,100,351,500	198,807,900	70,637,100	1,055,193,700	5,646,575	50,638,500	1,402,951,900

New York Banks.—There was little in the way of sensational development in the banking situation during the month. In the first half deposits showed a reduction of $1,800,000 and loans an increase of $1,000,000. In the last half the fluctuations in these items were greater, loans increasing $11,000,000 and deposits $10,000,000. The reserves are about the same as they were a month ago, specie being $2,000,000 lower and legal tenders $1,000,000 higher. The surplus reserve is still low and has been reduced $3,000,000 since August 31. It is now about $5,600,000, as compared with $12,500,000 a year ago. Deposits are $21,000,000 more than on October 1, 1906, but $25,000,000 less than in 1905 and $169,000,000 less than the high record made on September 17, 1904.

Non-Member Banks—New York Clearing-House.

Dates.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
Aug. 31.....	$112,452,800	$117,166,100	$4,976,000	$6,830,900	$11,029,900	$4,275,100	* $2,179,625
Sept. 7.....	112,947.800	118,046,700	4,893,900	6.466,200	11,407,100	4.444,200	* 2,300,275
" 14.....	113,999,200	119,170.700	5,090,300	6,830,800	11,162,000	4,628,900	* 2,080,575
" 21.....	113,707,800	117,901,600	5,067,700	6.575,500	10,135,600	4,824,800	* 3,371,800
" 28.....	114,006,400	119,298,300	5,120,300	6,541.400	10,890,600	4,536,000	* 2,736,275

* Deficit.

Boston Banks.

Dates.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Aug. 31........	$187,349,000	$201,553,000	$16,713,000	$3,912,000	$8,326,000	$116,721,600
Sept. 7........	186,313,000	205,339,000	16,392,000	4,052,000	8,284,000	120,025,900
" 14........	186,379,000	208,803.000	17,145,000	4,409,000	8,339,000	142 550,800
" 21........	186,750,000	209,544,000	18,093,000	4,624,000	8,363,000	146,884,200
" 28........	189,076,000	208,227,000	18,345,000	4,097,000	8,327,000	127,668,500

Philadelphia Banks.

Dates.	Loans.	Deposits.	Lawful Money Reserve.	Circulation.	Clearings
Aug. 31	$222,521,000	$250,674,000	$54,852,000	$13,678,000	$121,487,200
Sept. 7	222,651,000	251,149,000	55,335,000	13,691,000	123,423,600
" 14	224,165,000	252,570,000	55,549,000	13,659,000	138,744,500
" 21	223,641,000	253,408,000	56,427,000	13,723,000	131,175,600
" 28	223,905,000	252,195,000	55,392,000	13,671,000	130,867,700

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH

Month.	1905.		1906.		1907.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February	1,189,828,600	28,979,550	1,061,403,100	11,127,625	1,076,720,000	12,634,100
March	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,038,431,800	3,857,650
April	1,138,661,300	3,664,575	1,004,290,500	5,131,270	1,019,817,300	13,131,275
May	1,146,528,600	16,665,250	1,028,683,200	10,367,400	1,106,183,300	12,846,775
June	1,136,477,700	6,050,275	1,036,751,100	6,816,025	1,128,194,600	12,782,450
July	1,166,038,900	11,658,875	1,049,617,000	12,055,750	1,092,031,700	2,509,275
August	1,190,744,900	15,805,975	1,060,116,900	18,892,475	1,099,302,400	7,473,200
September	1,166,587,200	5,498,785	1,042,057,200	2,869,400	1,046,655,800	8,756,450
October	1,080,465,100	7,440,025	1,034,059,000	12,540,850	1,055,193,700	5,646,575
November	1,042,092,300	12,430,925	1,015,824,100	3,049,775	....	....
December	1,023,882,300	2,565,875	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894.

Foreign Banks.—The Bank of Germany lost nearly $40,000,000 in gold last month, the Bank of France $7,000,000 and the Bank of England $2,000,000. Russia was a gainer to the extent of $27,000,000 and now has nearly $60,000,000 more than was held a year ago. England has $27,000,000 more than in 1906 and Germany $14,000,000, while France has lost $12,000,000.

Gold and Silver in the European Banks.

	Aug. 1, 1907.		Sept. 1, 1907.		Oct. 1, 1907.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England	£35,839,682	....	£37,668,457	....	£37,106,838	....
France	112,029,395	£39,023,235	112,259,480	£38,774,000	110,871,606	£38,268,516
Germany	32,567,000	9,025,000	36,671,000	10,163,000	28,854,000	7,997,000
Russia	116,896,000	6,708,000	117,154,000	6,938,000	122,540,000	5,940,000
Austria-Hungary	45,620,000	12,386,000	45,485,000	12,136,000	45,221,000	12,063,000
Spain	15,591,000	25,780,000	15,505,000	25,829,000	15,553,000	25,798,000
Italy	33,682,000	4,516,400	34,269,000	4,983,700	34,521,000	4,917,000
Netherlands	5,769,700	5,744,300	6,032,700	5,613,100	6,040,300	5,354,600
Nat. Belgium	3,120,000	1,560,000	3,212,667	1,606,333	3,119,333	1,559,667
Sweden	4,139,000	....	4,249,000	....	4,248,000	....
Totals	£405,253,777	£104,742,935	£412,504,304	£106,043,133	£408,075,077	£101,927,783

Foreign Exchange.—The sterling exchange market was weak throughout the month, largely influenced by the firmness of the local money market, while rates abroad tended downward. Security bills against purchases of American securities for foreign account were upon the market, and there was some selling of exchange against the future movement of both securities and commodities.

RATES FOR STERLING AT CLOSE OF EACH WEEK.

WEEK ENDED.	BANKERS' STERLING.		*Cable transfers.*	*Prime commercial, Long.*	*Documentary Sterling, 60 days.*
	60 days.	*Sight.*			
Aug. 31	4.8250 @ 4.8275	4.8635 @ 4.8645	4.8690 @ 4.8700	4.82⅛ @ 4.82¼	4.81⅛ @ 4.82⅞
Sept. 7	4.8225 @ 4.8250	4.8615 @ 4.8620	4.8675 @ 4.8680	4.82¼ @ 4.82⅜	4.81½ @ 4.82¾
" 14	4.8175 @ 4.8180	4.8535 @ 4,8545	4.8600 @ 4.8605	4.81¾ @ 4.82	4.80¾ @ 4.81½
" 21	4.8250 @ 4.8275	4.8570 @ 4.8575	4.8625 @ 4.8635	4.81⅞ @ 4.82	4.81¼ @ 4.82¼
" 28	4.8185 @ 4.8190	4.8525 @ 4.8530	4.8615 @ 4.8620	4.81½ @ 4.81⅝	4.81 @ 4.82

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	June 1.	*July 1.*	*Aug. 1.*	*Sept. 1.*	*Oct. 1.*
Sterling Bankers—60 days	4.83¾— ⅞	4.83⅝— ¾	4.83⅝— ¾	4.82½— ¾	4.81¾— ⅞
" " Sight	4.86¾— ⅞	4.86⅝— ¾	4.86⅞—87	4.86¾— ⅞	4.85⅝— ¾
" " Cables	4.87¼— ⅜	4.87⅝— ¾	4.87½— ⅝	4.86⅞— 87	4.86⅛— ¼
" Commercial long	4.83⅜— ½	4.83¼— ⅜	4.83⅜— ½	4.82⅛— ¼	4.81¾— 2
" Docu'tary for paym't	4.82⅝— 3¾	4.82⅝— 3⅝	4.82⅛— 3¾	4.81½— 2⅞	4.81¼— 2¼
Paris—Cable transfers	5.15⅝— 3/32	5.16¼—15⅝	5.15⅝—	5.16¼—	5.16⅞—
" Bankers' 60 days	5.19⅜—18¾	5.20 —19	5.19⅜—18¾	5.20⅝— 20	5.21¼ 20⅝
" Bankers' sight	5.16¼ - 15⅝	5.16⅞— ¼	5.16¼—	5.16⅞—	5.17½—
Swiss—Bankers' sight	5.16¼—15⅝	5.16⅞—	5.16¼—	5.17⅛— 16⅞	5.17½—
Berlin—Bankers' 60 days	94 9/16— 11/16	94 9/16— 11/16	94⅝— ¾	94 5/8— 7/16	94⅛— ¼
" Bankers' sight	95⅛— 3/16	95⅛— 3/16	95 3/16— ¼	94⅞— 15/16	94⅞—
Amsterdam—Bankers' sight	40¼—	40 5/16— ⅜	40⅜—	40 3/16— ¼	40 3/16— ¼
Kronors—Bankers' sight	26¾—27	26¾—27	26¾—27	26¾— ⅞	26 11/16— ¾
Italian lire—sight	5.16⅞— ¼	5.15⅝—15	5.15 5/16— 15	5.15⅝—	5.15⅝—

MONEY RATES ABROAD.—No change was made in the posted rates of discount by any of the European banks last month. The Bank of England rate remains at 4½ per cent. Open market rates are lower at London and higher at Berlin than they were a month ago. Discounts of sixty to ninety-day bills in London at the close of the month were 4 per cent. against 4⅜@ 4⅝ per cent. a month ago. The open market rate at Paris was 3⅝@ 3¾ per cent., the same as a month ago, and at Berlin and Frankfort 5@ 5⅛ per cent. against 4⅞ per cent. a month ago.

BANK OF ENGLAND STATEMENT AND LONDON MARKETS

	June 30, 1907.	*July 31, 1907.*	*Aug. 31, 1907.*	*Sept. 30, 1907.*
Circulation (exc. b'k post bills)	£29,209,000	£29,923,000	£29,175,000	£29,920,000
Public deposits	11,019,000	8,665,000	7,618,000	8,620,000
Other deposits	46,874,000	43,407,000	4[illegible],864,000	43,783,000
Government securities	15,085,000	16,084,000	14,574,000	14,336,000
Other securities	35,980,000	29,714,000	31,080,000	30,820,000
Reserve of notes and coin	24,784,000	24,367,000	26,944,000	25,637,000
Coin and bullion	35,544,221	35,839,682	37,668,457	37,106,838
Reserve to liabilities	42.75%	46.74%	49.40%	48.86%
Bank rate of discount	4%	4%	4½%	4½%
Price of Consols (2½ per cents.)	84½	82⅝	82⅝	83 3/16
Price of silver per ounce	31d.	31 13/16d.	31½d.	31 3/16d.

SILVER.—The London silver market was weak during the month, the price dropping from 31 9-16d. on September 2 to 31⅛d. on September 28, the final quotation for the month being 31 3-16d., as compared with 31½d. at the close of August.

Monthly Range of Silver in London—1905, 1906, 1907.

Month.	1905.		1906.		1907.		Month.	1905.		1906.		1907.	
	High	Low.	High	Low.	High	Low.		High	Low.	High	Low.	High	Low
January..	28 3/8	27 5/16	30 1/4	29 11/16	32 7/16	31 1/4	July......	27 5/16	26 7/8	30 7/16	29 13/16	31 13/16	31
February	28 5/16	27 5/8	30 13/16	30 1/8	32 1/8	31 1/8	August ..	28 3/4	27 1/8	30 13/16	29 7/8	32 3/16	31 1/8
March....	27 11/16	25 13/16	30 7/16	29	32 1/16	30 5/8	Septemb'r	28 3/4	28	31 3/4	30 13/16	31 9/16	31 1/8
April.....	26 5/8	25 7/16	30 3/16	29 5/8	30 1/8	30	October..	28 13/16	28 5/8	32 3/16	31 11/16	....	....
May......	27 5/16	26 1/8	31 5/8	30 3/16	31 1/8	29 15/16	Novemb'r	30 5/16	28 13/16	33 1/8	32	....	....
June.....	27 1/8	26 3/4	31 1/16	29 5/8	31 1/16	30 5/8	Decemb'r	30 5/16	29 5/8	32 5/16	31 9/16	....	....

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	Asked.		Bid.	Asked.
Sovereigns	$4.85	$4.88	Mexican doubloons............	$15.50	$15.65
Bank of England notes.........	4.84	4.87	Mexican 20 pesos...............	19.50	19.65
Twenty francs..................	3.87	3.90	Ten guilders.....................	3.95	4.00
Twenty marks..................	4.73	4.76	Mexican dollars................	.52 1/4	.54 1/8
Twenty-five pesetas............	4.78	4.82	Peruvian soles..................	.47 5/8	.49 5/8
Spanish doubloons.............	15.50	15.65	Chilian pesos........	.47 5/8	.49 5/8

Bar silver in London on the first of this month was quoted at 31 3/16d. per ounce. New York market for large commercial silver bars, 67 1/8 @ 69c. Fine silver (Government assay), 67 5/8 @ 69 1/8c. The official price was 67 1/8c.

National Bank Circulation.—There was a decrease of $69,000 in the amount of national bank notes outstanding last month, and in the three months ended September 30, 1907, there has been an increase of only $200,000. The bonds deposited to secure circulation were increased $300,000, but the 2 per cents. of 1930, which are the principal bonds used to secure the notes, show a decrease of about $90,000. The bonds deposited to secure public money increased $14,000,000, nearly $12,000,000 being in State and miscellaneous bonds.

National Bank Circulation.

	June 30, 1907.	July 31, 1907.	Aug. 31, 1907.	Sept. 30, 1907.
Total amount outstanding...............	$603,788,690	$603,395,886	$604,056,321	$603,987,114
Circulation based on U. S. bonds	555,570,881	555,023,290	556,945,887	556,101,329
Circulation secured by lawful money....	48,217,809	48,372,596	47,110,434	47,885,785
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent........	415,000	12,500	12,500	500
Four per cents. of 1925..................	7,956,900	8,482,900	8,513,900	8,517,900
Three per cents. of 1908-1918............	4,817,180	4,882,620	5,177,3[illegible]0	5,544,880
Two per cents. of 1930..................	528,458,250	528,376,950	528,841,550	528,752,100
Panama Canal 2 per cents..............	16,[illegible]95,580	16,827,580	16,774,380	16,809,380
Total	$558,442,910	$558,582,550	$559,319,710	$559,624,700

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1925, $6,932,250; 3 per cents. of 1908-1918, $8,294,500; 2 per cents. of 1930, $67,-539,550; Panama Canal 2 per cents. $12,858,800; District of Columbia 3.65's, 1924, $1,088,000; Hawaiian Islands bonds, $1,723,000; Philippine loan, $9,239,000; state, city and railroad bonds, $76,904,351; Porto Rico, $780,000; a total of $184,459,451.

Government Revenues and Disbursements.—The revenues of the Government in September exceeded the disbursements by nearly $2,900,-000, reducing the deficit for the first quarter of the current fiscal year to $4,419,000. This is a less favorable showing than was made in 1906, the September surplus exceeding $11,000,000, while the surplus for the quarter was nearly $6,000,000. The expenditures in September were $8,000,000 larger than for the same month last year, nearly $4,000,000 being for public works, $1,700,000 for civil and miscellaneous, $1,500,000 for navy, $500,000 for Indians and $700,000 for pensions. For the three months ended September 30 expenditures increased $16,000,000.

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	September 1907.	Since July 1, 1907.
Customs	$25,604,193	$84,157,057
Internal revenue	22,294,318	67,366,069
Miscellaneous	3,539,966	14,048,103
Total	$51,438,482	$165,571,229
	$2,899,125	*$4,419,264

*Excess of expenditures.

EXPENDITURES.

Source.	September, 1907.	Since July 1, 1907.
Civil and mis.	$10,802,441	$85,949,142
War	8,192,755	32,743,761
Navy	8,564,936	26,957,808
Indians	1,162,169	4,142,544
Pensions	11,669,812	37,856,963
Public works	7,966,425	26,839,819
Interest	180,789	5,500,454
Total	$48,539,357	$169,990,493

UNITED STATES PUBLIC DEBT.—There are still outstanding more than $7,000,000 of the old 4 per cent. bonds which matured on July 1, $1,000,000 having been retired last month. As these bonds no longer bear interest, the Government is not concerned by the delay in presenting them for redemption. There has been no change in the interest-bearing debt, but the issue of gold certificates was increased $10,000,000 and of silver certificates $1,700,000. The aggregate debt increased nearly $10,800,000. The cash balance in the Treasury increased nearly $3,000,000 and the net debt less cash in the Treasury was reduced $3,700,000.

UNITED STATES PUBLIC DEBT.

	July 1, 1907.	Aug. 1, 1907.	Sept. 1, 1907.	Oct. 1, 1907.
Interest-bearing debt:				
Consols of 1930, 2 per cent	$646,250,150	$646,250,150	$645,250,150	$646,250,150
Funded loan of 1907, 4 per cent	36,126,150	....	....	....
Refunding certificates, 4 per cent	22,620	....	....	....
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Loan of 1908-1918, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent.	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt	$894,834,280	$858,685,510	$858,685,510	$858,685,510
Debt on which interest has ceased	1,086,815	13,563,135	9,623,105	8,272,545
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	47,658,804	47,428,404	46,445,882	46,993,774
Fractional currency	6,863,994	6,863,994	6,863,994	6,863,994
Total non-interest bearing debt	$401,257,097	$401,026,696	$400,044,174	$400,592,066
Total interest and non-interest debt.	1,297,178,192	1,273,275,342	1,268,352,790	1,267,550,122
Certificates and notes offset by cash in the Treasury:				
Gold certificates	678,244,869	694,930,869	710,938,869	720,889,869
Silver certificates	475,777,000	474,068,000	472,011,000	473,723,000
Treasury notes of 1890	5,988,000	5,891,000	5,787,000	5,707,000
Total certificates and notes	$1,160,009,869	$1,174,889,869	$1,188,736,869	$1,200,319,869
Aggregate debt	2,457,188,061	2,448,165,211	2,457,089,659	2,467,869,991
Cash in the Treasury:				
Total cash assets	1,688,027,086	1,684,605,842	1,690,187,768	1,709,871,167
Demand liabilities	1,269,445,649	1,296,031,654	1,303,527,360	1,320,319,853
Balance	$418,581,437	$388,574,188	$386,660,408	$389,551,314
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	268,581,437	238,574,188	236,660,408	239,551,314
Total	$418,581,437	$388,574,188	$386,660,408	$389,551,314
Total debt, less cash in the Treasury	78,596,755	884,701,154	881,692,882	877,998,808

FOREIGN TRADE.—With the exception of last year, the exports of merchandise in August this year were the largest ever recorded in the corresponding month of any year. The total was $127,625,000, or $2,000,000 less than in 1906, but $10,000,000 more than in 1905, when the highest previous record was made. The imports are, however, beating all previous records. The total in August was $125,792,000, or within $1,833,000 as much as the exports. This balance compares with net exports of over $24,000,000 in 1906 and of nearly $22,000,000 in 1905. For the first time the imports in the eight months ended August 31 exceeded $1,000,000,000. The exports also for the first time exceed $1,200,000,000. The balance of net exports is $194,000,000, or $59,000,000 less than in 1906.

Exports and Imports of the United States.

Month of August.	Merchandise.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1902	$94,942,310	$78,923,281	Exp., $17,019,029	Imp., $2,837,883	Exp., $2,937,669
1903	89,446,457	82,049,262	" 7,397,195	" 7,763,777	Imp., 348,864
1904	92,253,881	87,737,868	" 4,516,013	Exp., 2,998,327	Exp., 2,831,354
1905	117,668,115	95,831,158	" 21,836,957	Imp., 2,939,063	" 2,032,211
1906	129,801,468	105,697,015	" 24,104,453	" 7,374,790	" 1,272,197
1907	127,625,508	125,792,156	" 1,833,352	Exp., 1,400,101	" 2,069,206
Eight Months.					
1902	821,929,100	614,418,297	Exp., 207,515,803	Exp., 10,540,628	Exp., 14,640,299
1903	878,911,631	676,981,594	" 201,930,037	" 14,082,961	" 7,626,390
1904	851,203,457	667,269,364	" 183,934,093	" 15,841,825	" 18,076,950
1905	966,567,559	770,285,198	" 196,282,361	" 16,469,107	" 13,248,758
1906	1,099,337,470	845,648,794	" 253,688,676	Imp., 46,835,939	" 12,115,518
1907	1,196,625,415	1,001,803,305	" 194,822,110	Exp., 20,299,770	" 11,460,621

Money in Circulation in the United States.—More than $16,000,000 was added to the amount of money in circulation during the month of September, of which $5,000,000 came from a reduction in the balance in the United States Treasury. Gold certificates outstanding increased $12,000,000 and gold coin $1,600,000. Silver dollars increased $2,500,000 and fractional silver $1,800,000. National bank notes decreased $2,600,000.

Money in Circulation in the United States.

	July 1, 1907.	*Aug. 1, 1907.*	*Sept. 1, 1907.*	*Oct. 1, 1907.*
Gold coin	$698,762,929	$566,036,725	$560,356,994	$561,956,589
Silver dollars	81,694,518	81,255,667	82,114,368	84,758,166
Subsidiary silver	121,755,976	122,248,618	123,118,909	124,986,237
Gold certificates	602,973,499	614,461,389	627,905,609	640,204,609
Silver certificates	470,375,262	463,816,437	460,505,171	460,847,251
Treasury notes, Act July 14, 1890	5,975,545	5,881,050	5,777,961	5,700,348
United States notes	342,713,692	341,104,470	342,501,772	343,125,625
National bank notes	590,090,835	586,519,204	586,920,836	584,275,549
Total	$2,914,342,256	$2,781,323,560	$2,789,201,620	$2,805,854,374
Population of United States	86,074,000	86,193,000	86,311,000	86,429,000
Circulation per capita	$33.86	$32.27	$32.32	$32.46

Money in the United States Treasury.—The United States Treasury issued more than $12,000,000 certificates last month, and the total, including less than $6,000,000 Treasury notes, is $1,106,000,000, or nearly as much as on June 1 last. The total money in the Treasury increased $7,000,000 and the net cash decreased $5,000,000. The Treasury still holds nearly $281,000,000 of free gold, of which $150,000,000 is held as a reserve against notes.

MONEY IN THE UNITED STATES TREASURY.

	July 1, 1907.	Aug. 1, 1907.	Sept. 1, 1907.	Oct. 1, 1907.
Gold coin and bullion	$903,251,713	$908,182,018	$912,206,334	$921,013,121
Silver dollars	486,557,012	486,996,863	486,137,162	485,498,364
Subsidiary silver	8,804,401	8,587,949	8,385,569	7,812,842
United States notes	3,967,324	5,576,546	4,179,244	3,555,391
National bank notes	13,697,855	16,876,682	17,135,485	19,711,565
Total	$1,416,278,505	$1,426,169,053	$1,428,043,794	$1,435,586,288
Certificates and Treasury notes, 1890, outstanding	1,079,324,306	1,084,158,876	1,094,188,741	1,106,752,208
Net cash in Treasury	$336,953,999	$342,010,177	$333,855,053	$328,834,075

SUPPLY OF MONEY IN THE UNITED STATES.—The total stock of gold in the country increased $11,600,000 in September, of which gain $10,000,000 was in gold and a little more than $1,000,000 in subsidiary silver, of which latter it is estimated that there is now nearly $133,000,000 in existence or about $1.50 per capita for the entire population.

SUPPLY OF MONEY IN THE UNITED STATES.

	July 1, 1907.	Aug. 1, 1907.	Sept. 1, 1907.	Oct. 1, 1907.
Gold coin and bullion	$1,602,014,642	$1,474,168,738	$1,472,563,328	$1,482,969,710
Silver dollars	568,251,580	568,251,580	568,251,580	568,251,580
Subsidiary silver	130,560,377	130,836,567	131,504,478	132,799,079
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	603,788,690	603,395,886	604,056,321	603,987,114
Total	$3,251,296,255	$3,123,333,737	$3,123,056,673	$3,134,688,449

A PLEA FOR FAITH.

THESE are times calculated to weaken faith in some men who have long been regarded as pillars of the financial world. The following plea for faith in mankind, made by Governor Charles E. Hughes of New York in the October "Putnam's Monthly" is therefore timely:

"And we want faith in our fellowmen. Do not let us look on life cynically. Do not let us hold ourselves aloof and look askance on the efforts of our brethren. Let us feel that we are working good in this world.

No, don't let us look askance at life and retire within ourselves and achieve a little personal success as though it meant anything. No matter how much money you have, or how much fame you have, or how much achievement you have—nothing means anything unless you feel that you can take hold of a man's hand—any man's, if he is a man—and have him know that you are a real good fellow."

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—Comparing the statement of the Fidelity Trust Company for August 22 with that made on June 4, it is seen that the undivided profits increased from $30,915 to $50,280, and the deposits from $2,773,575 to $3,030,821. This is an excellent showing for a space of less than three months.

The Fidelity Trust Company has $750,000 capital and $750,000 surplus. Its officers are: President, Samuel S. Conover; vice-presidents, Wm. H. Barnard and John W. Nix; secretary, Andrew H. Mars; assistant secretary, Stephen L. Viele.

—John Crosby Brown, of Brown Bros. & Co., succeeds the late D. Willis James as vice-president of the United States Trust Company.

—The opening of the European-American Bank is announced. This institution is located at Dey and Greenwich streets and has $100,000 capital and $50,000 paid-in surplus. Its directors are: Chester Glass, vice-president Mercantile National Bank, New York; Erwin R. Graves, president First National Bank, Belleville, N. J.; Charles E. Ellis, president C. E. Ellis Co., New York; T. N. Jarvis, vice-president Lehigh Valley R. R. Co.; William Hanhart, president Bankers' Life Insurance Co.; H. S. Snyder, vice-president Bethlehem Steel Co.; B. Sherwood Dunn, banker, New York; Frank Zotti, of Frank Zotti & Co., bankers, New York; Eugene Van Schaick, of Van Schaick & Brice, New York; George W. Loft, New York; Charles S. Boyd, ex-commissioner of public works, New York.

Sherwood Dunn is president, Frank Zotti and Charles S. Boyd, vice-presidents, and F. W. Knolhoff, assistant cashier.

ALLEN G. HOYT.

—Allen G. Hoyt, who has recently become associated with the New York office of the well-known banking firm of N. W. Halsey & Co., has had extensive experience in handling investment securities. He was formerly in the office of the Comptroller of the Treasury at Washington. Shortly after Mr. F. A. Vanderlip became vice-president of the National City Bank of New York, Mr. Hoyt went to that institution, remaining there for five years. At first he was in charge of the bank's Government bond department, and subsequently, on the organization of the investment bond department, he became its manager.

In addition to his excellent banking training, Mr. Hoyt is a graduate of the University of Chicago and of the University of Georgetown Law School.

—The International Trust Company, which has been in course of organization for several months, has opened for business at the corner of Fulton street and Broadway. While the company is at the present time purely a Manhattan institution, it has announced its intention of buying the Brooklyn Bank, one of Brooklyn's oldest institutions, and establishing branches in that borough. The branches will be the main office of the Brooklyn Bank, situated at the corner of Fulton and Clinton streets, and the branch of that institution located at Fulton street and Flatbush avenue.

The directors are: Henry E. Hutchinson, president of the Brooklyn Bank; Howard Maxwell, president of the Borough Bank; William Gow, a director in the Borough Bank; Oliver M. Denton, vice-president of the Brooklyn Bank; William S. Hurley, Robert J. Cuddihy and David B. Hutton, directors in the Borough Bank; Nelson B. Burr and John S. Jenkins, directors in the Brooklyn Bank; Stanley E. Gunnison, Charles F. Darlington, M. B. Spratt and Archibald C. Shenstone.

Officers of the company are: William Gow, president; Henry E. Hutchinson, Nelson B. Burr, John S. Jenkins and Oliver M. Denton, vice-presidents, and J. F. Bouker, secretary. The company has a capital and surplus of $1,000,000, equally divided.

—At a recent meeting of the board of directors of the Merchants' National Bank, Zoeth S. Freeman, cashier, was promoted to the vice-presidency. Joseph Byrne, Jr., assistant cashier of the National Bank of Commerce, was elected cashier of the Merchants' National.

—Produce Exchange members are considering the formation of a trust company to look specially after their banking needs.

—The Trust Company of America is now located in its new building at 37 Wall street.

—The Commercial Trust Company has taken new quarters at the corner of Broadway and Forty-first street, and will move there when the building is completed next May.

—The recently incorporated Sherman National Bank will open for business in the Astor court, 18 West Thirty-fourth street, about November 1. Edward C. Smith, ex-Governor of Vermont, will be president; William H. Maclay, vice-president, and Charles G. Colyer, late secretary and treasurer of the City Trust Company of Newark, cashier of the new bank. The bank will have a capital of $200,000 and surplus of $50,000.

—The Carnegie Trust Company, of which ex-Secretary of the Treasury

Leslie M. Shaw is president, has in contemplation the adoption of a plan bringing it in close alliance with trust companies in other parts of the country, through the acquisition of a stock interest in them. As a first move in this direction, the Carnegie Trust Company has purchased $30,000 of the stock of the Mechanics' Bank and Trust Company of Knoxville, Tenn., and Mr. Shaw has been elected a director.

An officer of the Carnegie Trust Company stated that this first purchase was in the nature of an experiment, and that after a chance had been had to judge of the results of this undertaking, it would be decided whether or not similar purchases of trust company stocks in other places would be made.

The Mechanics' Bank and Trust Company has been formed through a reorganization of the Mechanics' National Bank of Knoxville, a controlling interest in which was obtained by Bird M. Robinson, who is now president of the trust company. Mr. Robinson was formerly president of the Mobile, Jackson & Kansas City Railroad, and has been interested for some years in various undertakings in Tennessee.

Associated with Mr. Robinson, besides Mr. Shaw, are R. W. Jones, Jr., president of the Oriental Bank of this city; Vice-President Spencer of the Southern Railway; Senator W. C. Sproul of Chester, Penn.; W. J. Oliver of Knoxville, who came into prominence through his bid for the construction of the Panama Canal, and Frederick C. Stevens of this state. The other directors of the trust company are H. E. Jones of Bristol, Tenn.; Henry R. Brown of Greeneville, and S. B. Luttrell, J. W. Borches, Jerome Templeton, James Maynard, Henry Fonde, J. C. Luttrell, and E. G. Oates, all of Knoxville.

—The following comparison of the national banks and trust companies of New York city, as shown by their statements of August 22, is made by "The Wall Street Journal":

	National Banks.	Trust Companies.
Number	48	51
Loans	$724,191,600	$669,632,000
Bonds and mortgages ..	....	75,685,300
Bonds to secure circulation, etc..	84,904,000	....
Bonds and stock investments	144,044,000	269,699,900
Due from banks, etc..	58,430,000	107,253,300
Cash in vaults.	225,639,000	54,274,600
Other resources	156,142,800	28,474,600
Total	$1,393,351,400	$1,205,019,700

—A handsomely printed and illustrated booklet has been issued by the Knickerbocker Trust Company, describing the advantages offered by the company for the transaction of business within the scope of its operations. The Knickerbocker Trust Company has offices at 358 Fifth avenue, 66 Broadway, 100 West 125th street, and at Third avenue and 148th street. The company's capital and undivided profits amount to $6,000,000.

—At the recent annual meeting of the New York Clearing-House Association the following report for the year ended September 30, 1907, was submitted:

The clearing-house transactions for the year have been as follows:

	1907.	1906.
Exchanges	$95,315,421,237	$103,754,100,091
Balances..	3,813,926,108	3,832,621,023
Total transactions..	$99,129,347,346	$107,586,721,115

The average daily transactions:

Exchanges	$313,537,569	$342,422,772
Balances	12,545,809	12,648,914
Total	$326,083,379	$355,071,686

Total transactions since organization of clearing-house (54 years):

Exchanges	$1,856,617,161,435
Balances	86,285,126,899
Total	$1,942,902,288,335

—J. K. Corbiere has resigned as vice-president of the Morton Trust Company and has established a banking and brokerage firm under the name of J. K. Corbiere & Sons, with offices at 66 Broadway.

NEW ENGLAND STATES.

—Clarence W. Whidden, heretofore treasurer of the Central Savings Bank, Lowell, Mass., was recently elected president to succeed the late Oliver H. Moulton. Arthur H. Murkland takes the position of treasurer left vacant by Mr. Whidden's promotion.

—The People's Savings Bank of Brockton, of which former Governor William L. Douglas is president, is to be the first in the state to inaugurate a savings bank insurance plan under the new Massachusetts law, which was fully described in the September number of the Magazine. The trustees of the People's Bank have voted unanimously to comply with the provisions of the law. It will be necessary that a majority of the incorporators ratify the action of the trustees.

—The Hartford (Ct.) National Bank has recently purchased the Catlin property located on the northwest corner of Main and Asylum streets.

Owing to the fact that the bank has been in its present location for nearly a hundred years, the directors have delayed making a change on sentimental grounds, but rapidly increasing business now makes it necessary for the bank to have new quarters. Harold W. Stevens, president of the institution, informs us that important plans are under consideration for the development of the new location. The property acquired by the bank is recognized as the finest business corner in Hartford.

—Charles F. Smith, who has been identified with banking in Boston for fifty-one years, resigned recently as treasurer of the Commonwealth Trust Company—a position he had held since the organization of the company. Originally he was identified with the Continental National Bank, and later was vice-president of the Colonial National Bank.

—Announcement was made a short time ago of the opening of the new banking-house of the Riverside Trust Company of Hartford, Ct. The company's charter empowers it to conduct a general banking and trust company business. The capital of the company is $150,000, surplus and profits, $62,000, and deposits $158,000. Albert P. Day is president, and Robert C. Glazier, secretary and treasurer.

—Miller & George have opened an office at 96 Westminster street, Providence, R. I., for the purpose of dealing in investment securities.

—The Beacon Trust Company of Boston makes the following excellent showing in its statement of Oct. 2, 1907:

RESOURCES.

Demand loans	$1,114,918.39
Time loans	2,103,612.25
Other investments	253,316.06
Cash in office and banks	686,601.01
Total	$1,158,447.71

LIABILITIES.

Capital	$400,000.00
Surplus	300,000.00
Profit and loss	5,371.14
Deposits	3,453,076.57
Total	$4,158,447.71

MIDDLE STATES.

—On October 10 the North Shore Bank of Oyster Bay, N. Y., was authorized to do business by the State Banking Department; capital, $25,000.

—At the recent annual convention of the Pennsylvania Bankers' Association, held at Pittsburgh, the following officers were chosen: President, J. B. Jackson, president Fidelity Title and Trust Company, Pittsburgh; vice-president, Eli S. Reinhold, Mahanoy City; treasurer, J. M. Painter, cashier Merchants' National Bank, Kittanning.

—The Columbia National Bank, Buffalo, N. Y., now occupies its new banking quarters in the Chamber of Commerce Building. New furniture and vaults have been put in, giving the bank the advantage of modern equipment throughout.

—On October 5 Governor Hughes appointed Luther W. Mott of Oswego to be State Superintendent of Banks, to succeed Charles H. Keep, who resigned to become a member of the Public Service Commission.

Mr. Mott is vice-president of the First National Bank of Oswego. He was born in Oswego in 1874, and graduated from Harvard in 1896.

—The Traders' National Bank of Scranton, Pa., has purchased the land adjoining its seven-story bank building and some time in the near future will commence work on an extensive enlargement of the building and banking rooms. An increase in the capital and surplus of the bank is also contemplated.

—Through the courtesy of Freas Brown Snyder of the Merchants' National Bank of Philadelphia, The Bankers' Magazine has received the Year Book of Philadelphia Chapter of the American Institute of Banking for 1907 and 1908. An excellent line of work has been planned for the coming winter. In addition to the papers and addresses by members, a number of addresses will be made by men eminent in the business world. Mr. Snyder is chairman of the educational committee of the Chapter.

—Corona, Long Island, has a new bank—the First National, which is capitalized at $100,000. William J. Hamilton is president, Charles W. Copp and Henry S. Johnston, vice-presidents, and William R. Bardell, formerly with the

Oriental Bank of New York and the Williamsburgh Trust Company, is cashier.

—Here are some figures illustrating the growth of the deposits of the Commonwealth Trust Company of Pittsburgh:

May 29, 1903	$1,392,598.01
May 31, 1904	1,927,121.01
May 29, 1905	2,368,053.23
May 26, 1906	2,574,853.95
May 28, 1907	2,445,533.94

The company has a capital and surplus of $2,500,000. John W. Herron is president; Samuel Bailey, Jr., vice-president; Wm. M. Kennedy, vice-president and trust officer; George D. Edwards, secretary and treasurer, and H. W. Bickel, assistant secretary and treasurer.

SOUTHERN STATES.

—The report of State Bank Examiner W. L. Young on the condition of the state banks of Louisiana on September 4 shows total resources $100,338,554; demand loans, $19,618,472; loans secured by mortgage, $10,264,989; other loans and discounts, $35,440,966. Capital stock paid in totals $14,694,800; surplus, $7,523,430; undivided profits, $1,911,451; due banks, $7,667,264; individual savings deposits, $19,658,089; deposits subject to check, $36,376,178.

—The lower branch of the Georgia Legislature has passed an act requiring more thorough examination of state banks and trust companies. The expenses of the examinations are to be borne by the banks. The act provides that four sworn reports are to be made each year.

—Before long the First National Bank of Montgomery, Ala., will take possession of its new home, which is modern and admirably located.

WESTERN STATES.

—John Q. Royce, Bank Commissioner of Kansas, furnishes the following information:

"The banks of Kansas are not only able to care for all local demands for money, but are furnishing about fifteen million dollars to the commercial enterprises outside of our state, and despite this unusual condition, the legal reserve is well up, that of state banks being forty-one per cent. of their deposits, while the national banks have on hand thirty-seven per cent., which in both cases represents a large margin above the requirements of the law and speaks well for the solvency of our financial institutions and the careful manner in

which their managing officers are conducting their business.

Deposits have increased rapidly during the last five years and are higher today than they have been in the history of the state. Occasionally we have been told that the combined regular called statement does not show the correct amount of deposited money, for the reason that considerable of it is doubly deposited. This statement is correct only so far as individual deposits and bank deposits are combined. The individual deposits, which represent the deposits of individuals, and not that of banking institutions, one year ago, were as follows: In state banks, \$66,550,343; in national banks, \$58,267,805; total, \$124,818,149. At the present time individual deposits are: In state banks, \$79,242,744; in national banks, \$64,977,774; total, \$144,220,518, showing an increase in one year of twenty million of dollars.

Owing to the fact that Kansas has no large reserve agents in the state, deposits due to banks and bankers are small when compared with other states, and amount at this time to only about \$20,000,000. The fact that Kansas banks have double the amount of legal reserve required by law, not only shows that the late financial disturbances of the East have failed to affect our people, but also shows a large amount of available funds on hand, and with our granaries full of last year's crop and an abundant harvest on hand, it looks as though our prosperity has not yet reached its zenith. Ten or fifteen years ago conditions were somewhat different than they are today. Then the profits of farming and stock raising were sent regularly to the East to liquidate the indebtedness on Kansas farms. Each year shows a less amount of money sent out of the state for that purpose. Indeed, the condition is reversed and Kansas banking institutions are now loaning much of their funds outside of the state and have occasionally helped out the call money market in New York."

The following comparisons are made:

September 9, 1902: Number of state banks, 502; number of national banks, 146; loans and discounts, \$74,378,581; cash and sight exchange, \$39,416,587; deposits, \$98,773,534.

September 6, 1904: Number of state banks, 549; number of national banks, 161. Loans and discounts, \$80,099,057; cash and sight exchange, \$46,536,036; deposits, \$110,325,895.

August 25, 1905: Number of state banks, 607; number of national banks, 171. Loans and discounts, \$88,986,553; cash and sight exchange, \$47,595,409; deposits, \$118,147,427.

September 4, 1906: Number of state banks, 665; number of national banks, 188. Loans and discounts, \$103,001,658; cash and sight exchange, \$54,085,812; deposits, \$140,195,293.

August 22, 1907: Number of state banks, 736; number of national banks, 203. Loans and discounts, \$121,594,689; cash and sight exchange, \$64,096,605; deposits, \$165,889,742.

—From the Lesan-Gould Co., St. Louis, the Bankers' Magazine has received "You and the Rainy Day," which gives many excellent reasons for saving money, and incidentally why savings should be deposited in the National Bank of Commerce, St. Louis. It is an attractive and effective style of bank advertising, written and printed by the company named.

—Officials of the Illinois Trust and Savings Bank of Chicago say the bank's surplus and undivided profits are $7,800,000 and will be more than $8,000,000 January 1, making the capital and surplus $13,000,000. Capital increases since January 1, 1878, when the capital was $100,000, are shown as follows: July 1, 1882, the capital was $200,000; July 1, 1883, $500,000; July 1, 1889, $1,000,000; July 1, 1891, $2,000,000; January 1, 1900, $3,000,000; January 1, 1902, $4,000,000; August 6, 1906, $4,500,000; October 1, 1907, $5,000,000. No stock has ever been issued above par.

—Liquidation was recently decided on by shareholders of the Federal National Bank of Chicago. Depositors will be paid off at once in full, but shareholders will probably suffer considerable losses.

—Judging from the growth of bank clearings at St. Paul and Minneapolis, business in the Northwest continues to be brisk. These figures, giving the clearings for September, 1906, and September, 1907, sustain that view:

	1907.	1906.	Increase.
Minneapolis	$100,483,694	$80,910,924	$19,572,770
St. Paul	38,693,116	34,169,914	4,523,201
Total	$139,176,810	$115,080,838	$24,095,972

—The Mercantile Trust Company of St. Louis has bought all deposits of the Missouri-Lincoln Trust Company, guaranteeing payment of all deposits on demand. The price paid for the good will was $350,000. The deposits aggregated about $6,500,000.

The Mercantile Trust Company is secured by all the bills receivable, stocks, bonds, real estate and personal property of the Missouri-Lincoln Trust Company, which aggregate over $10,000,000, all of which are pledged in the usual collateral form to repay the Mercantile Trust Company for its guarantee to pay the Missouri-Lincoln Trust depositors. The Mercantile Trust Company has not bought any of the stocks, bonds, bills receivable or real estate of the Missouri-Lincoln Trust Company, but simply loans the Missouri-Lincoln Trust Company, on $10,000,000 collateral, sufficient money to liquidate all its deposits, the total of which is less than $6,400,000.

This statement is given officially by Festus J. Wade, president of the Mercantile Trust Company.

—N. W. Harris & Co., the well-known investment bankers, have opened an office in the Citizens' Building, Cleveland, Ohio, with Walter E. Bell, formerly one of the managers of the bond department of the Harris Trust and Savings Bank, Chicago, in charge.

—The Canton (Ill.) National Bank has $100,000 capital, $49,000 surplus and profits and $773,000 deposits. B. F. Eyerly is president; S. Y. Thornton, vice-president; E. A. Heald, cashier, and H. B. Heald, assistant cashier.

This bank has lately remodeled its building, giving it a total floor space of about 2,200 square feet. New burglar-proof vaults and modern equipment have been installed.

—W. D. Dickey, the new assistant cashier of the National City Bank, Chicago, formerly held a similar position with the Columbia National Bank, Indianapolis, Ind.

Mr. Dickey began his banking career in 1872 with the Cumberland County National Bank of Neoga, Ill. He was cashier of this bank for twenty years.

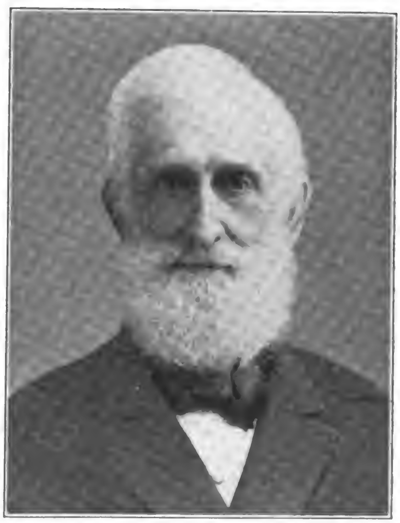
He left the Neoga bank to accept a place in the United States Treasury Department, under Lyman J. Gage, at Washington. Later he accepted the cashiership of the oldest banking institution in Iowa, the Weare & Allison Bank of Sioux City, largely on the recommendation of James B. Forgan of the First National of Chicago.

In 1901 he was offered a position with the American National Bank of Indianapolis, which was just ready for business. Mr. Dickey was the American's traveling representative for four years and was exceptionally successful in securing a large number of accounts.

In October, 1904, Mr. Dickey went with the Columbia National as assistant cashier, and during this time has materially increased the deposits of this bank.

—Samuel Marshall, founder of the Marshall & Ilsley Bank, Milwaukee, Wis., one of the oldest banks in the Northwest, died September 1.

Mr. Marshall was born at Concordville, Pa., November 24, 1820. He located at Milwaukee in 1847. By painstaking industry and conservative management he surmounted the first difficulties, and when he was joined two years later by Charles F. Ilsley he had formed the nucleus of the present Marshall & Ilsley Bank. The business has since continued under the firm name of Marshall & Ilsley.



SAMUEL MARSHALL.

On January 1, 1853, the state bank at Madison was organized. This was the first state bank to be organized under the general banking law. The private banking house in Milwaukee was continued, Mr. Marshall remaining at its head, as well as being the head of the Madison bank. In 1887 the Marshall & Ilsley Bank was made a state bank, under the same name.

Mr. Marshall continued at the head of the Madison institution until 1890, when he resigned the presidency, although retaining an interest in the business. He retired as president of the Marshall & Ilsley Bank in 1901, still retaining his interest there.

—The Chippewa Bank of St. Louis, Mo., which opened for business January 4, 1906, now has deposits of over $376,000. Its capital is $100,000 and surplus and profits $12,000.

—The Mississippi Valley Trust Company of St. Louis reported on August 22: Capital, $3,000,000; surplus, $3,500,000; undivided profits, $2,141,468; deposits, $17,552,869.

—The State National Bank, Bloomington, Ill., now occupies its fine new building.

—Since August 22, 1898, the deposits of the Bankers National Bank of Chicago have made decided gains, as will be seen from the subjoined record of deposits on the dates named:

August 22, 1898	$6,072,946.64
August 22, 1901	12,530,134.29
August 22, 1904	13,332,652.77
August 22, 1907	17,733,109.44

Edward S. Lacey, president of the Bankers National, was formerly Comptroller of the Currency, and has a wide acquaintance among the bankers of the United States.

PACIFIC SLOPE.

—According to the Yakima (Wash.) "Herald," the deposits of the North Yakima banks are exceptionally good for this time of the year. A statement has been called for the national and state banks, all of the institutions in the city responding. This is considered one of the poorest times of the year for the banking business, but regardless of that fact the deposits are far ahead of any other city of the size in the country.

Deposits are shown as follows:

First National	$1,376,345.15
Yakima National	1,022,798.35
Yakima Valley	404,740.72
Yakima Trust Co.	226,812.86
Total	$3,030,697.08

Regardless of the fact that this is an extremely poor time of the year, every institution shows gains in deposits with the exception of one.

The Yakima Trust Company, the baby institution of the city, shows the greatest comparative gain.

In every instance the reserve is shown to be high. The First National and the Trust company show a reserve of about 40 per cent., and the Yakima Valley a reserve of 33 per cent.

—The new Milner State Bank of Milner, Idaho, starts with excellent prospects, its officers and directors being well and favorably known. J. H. Purdy is president; Fentress Hill, vice-president; D. C. MacWatters, secretary, and H. S. Geery, cashier. Mr. Geery was formerly connected with banking at Stamford, Ct.

WITH BANKERS MAGAZINE ADVERTISERS.

SOUVENIR OF THE BANKERS' CONVENTION.

One of the attractive and valuable souvenirs of the Atlantic City convention of the American Bankers' Association was that issued with the compliments of G. W. Todd & Co., makers of The Protectograph, Rochester, N. Y. The souvenir was in the form of a booklet containing excellent portraits of the officers of the American Bankers' Association and members of the executive council.

AN EDUCATIONAL EXHIBIT.

"The Bookkeeping Machine and How It Does It" will be the subject of an educational exhibit by the Burroughs Adding Machine Company at the New York Business Show.

This is to be somewhat of a departure from usual exhibits. It will be held independently of the selling end, directed by the Burroughs Business Systems department.

Modern methods of accounting, auditing and cost-keeping will be fully explained by experts and demonstrated by practical work on the Burroughs machine. In making these demonstrations, facsimile forms will be used, showing the systems and short cuts actually in use by large concerns in various lines of business, including leading banks, railroad offices, industrial corporations, insurance companies, department stores, and retail establishments of all kinds, both large and small.

There will be something of interest for every man whose daily work has anything to do with figures, and all of the systems to be shown will interest the employer quite as much as the employed, for, as Mr. Lewis says in one of his Burroughs booklets, "The most interesting part of the payroll is the part of it where you (the employer) get yours—which depends on how much you have to give others for doing what a Burroughs might do."

One feature of the exhibit will be a display of the Burroughs "long line," including nearly all of 47 distinct styles of Burroughs machines. Among these will be all of the new bookkeeping machines and the remarkable automatic statement machines; machines "split" for dates, or to list and add debits and credits simultaneously; machines to handle fractions, yardage, tonnage, English currency, etc. Some of these machines have not been exhibited in public to any general extent, and it is expected that they will attract a great deal of interest at the show.

LARGE SALE OF ADDING MACHINES.

The First National Bank of Boston has just purchased twenty Burroughs adding and listing machines in a single order. The importance of this transaction is increased by the fact that all of the machines are to be operated by individual electric motors.

Burroughs machines have been in use in this bank ever since the adding machine became generally adopted. The bank has been the owner of a large number of Burroughs, some of them being among the first models ever turned out of the factory. Some Burroughs purchased by the bank eight or nine years ago will be retained, as they are practically as good as new.

The First National of Boston is one of the largest Burroughs users among the banks of this country. It is classed in this respect with the National Bank of Commerce, New York city, which uses 64 Burroughs under one roof, and the Corn Exchange Bank of New York, which has 84 Burroughs in its home building and various branches.

BANK AND OFFICE EQUIPMENT.

In fitting up a bank the services of a house making a specialty of designing and manufacturing bank equipments will be found of great advantage. Such a house is the A. H. Andrews Company of Chicago. They have the largest factory in the world making furniture and equipments for banks and office buildings, and as a result of long and extensive experience are able to offer banks and all financial institutions the highest class of service in designing and manufacturing furniture, including metallic grille, bronze and marble work. The firm not only supplies the artistic high-grade furniture, but is in a position to assist in arranging floor plans for banks so as to economize space and aid in insuring convenience and comfort.

Those who contemplate building, or changing their equipment, will find that the A. H. Andrews Co. offers the help of specialists in this line, and the goods and workmanship of the company are maintained at a high standard.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

West York National Bank, West York, Pa.; by T. J. Young, et al.
First National Bank, Dagsboro, Dela.; by R. D. Lingo, et al.
German-American National Bank, Marion, Wis.; by C. J. Wojahn, et al.
Hamtramck National Bank, Hamtramck, Mich.; by M. Finn, et al.
First National Bank, Hettinger, N. D.; by C. E. Batcheller, et al.
Roseburg National Bank, Roseburg, Oreg.; by A. C. Marsters, et al.
First National Bank, Rockville Centre, N. Y.; by A. T. Davison, et al.
First National Bank, Kennewick, Wash.; by L. E. Johnson, et al.
Essex National Bank, Essex, Conn.; by H. B. Barnes, et al.
First National Bank, New Albany, Pa.; by E. J. Billings. et al.
First National Bank, Eddy, Tex.; by Geo. W. Riddle, et al.
Ansted National Bank, Ansted, W. Va.; by W. H. Evans. et al.
First National Bank, Ramsdell, Tex.; by A. L. Rippy, et al.
First National Bank, Schaefferstown, Pa.; by S. H. Bomberger. et al.
First National Bank, Lafayette, Colo.; by Geo. F. Castle, et al.
Alger County National Bank, Munising, Mich.; by W. G. Mather, et al.
Rockland National Bank, Rockland, Mass.; by A. W. Perry, et al.
First National Bank, Springtown, Tex.; by W. H. Eddleman, et al.
First National Bank, Hamburg, Pa.; by William O. Heinly, et al.
First National Bank, State Centre, Ia.; by J. W. Dobbin, et al.
First National Bank, Blandinsville, Ill.; by M. B. Welsh, et al.
City National Bank, Galveston, Tex.; by W. L. Moody, Jr., et al.
First National Bank, Whitehouse Station, N. J.; by J. N. Pidcock, et al.
First National Bank, El Centro, Cal.; by G. A. Lathrop, et al.
First National Bank, Strawberry Point, Ia.; by A. Hanson, et al.
Merchants National Bank, Pottsville, Pa.; by W. E. Harrington, et al.
First National Bank, Amityville, N. Y.; by Geo. A. Baylis, et al.
Farmers' National Bank, Gatesville, Tex.; by Bert L. York, et al.
Farmers' and Merchants' National Bank, Eldorado, Okla.; by J. B. Goodlett, et al.
First National Bank, Elm Grove, W. Va.; by Wm. R. Chambers, et al.
Eddy National Bank, Eddy, Tex.; by J. R. Knight, et al.
First National Bank, Brownstown, Ind.; by Oscar S. Brooke, et al.
Knott County National Bank, Hindman, Ky.; by K. J. Day, et al.
First National Bank, Whitestone, N. Y.; by E. P. Roe, et al.

First National Bank, Vandalia, Mo.; by Chas. E. Blain, et al.

First National Bank, Bruin, Pa.; by J. H. Heiner, et al.

APPLICATION FOR CONVERSION TO NATIONAL BANKS APPROVED.

Madison County Bank, Huntsville, Ark.; into First National Bank.

Glen Ullin State Bank, Glen Ullin, N. D.; into First National Bank.

State Savings Bank, Kanawah, Ia.; into First National Bank.

NATIONAL BANKS ORGANIZED.

8845—Grange National Bank, of Wyoming County, Laceyville, Pa.; capital, $25,000; Pres., A. C. Keeney; Vice-Pres., W. L. Clifford; Cashier, J. B. Donovan.

8846—First National Bank, St. Francisville, Ill.; capital, $25,000; Pres., R. J. McMurray; Vice-Pres., S. Dager; Cashier, W. H. Highfield.

8847—First National Bank, Griffin Corners, N. Y.; capital, $25,000; Pres., J. L. Keator; Vice-Pres., H. S. Vermilyea; Cashier, C. V. Spriggs.

8848—National Bank of Wilkes, Washington, Ga.; capital, $50,000; Pres., J. A. Moss; Vice-Pres., Boyce Ficklen; Cashier, F. H. Ficklen; Asst. Cashier, Boyce Ficklen, Jr. Conversion of Bank of Wilkes.

8849—Grange National Bank of Bradford County, Troy, Pa.; capital, $75,000; Pres., E. E. Van Dyne; Vice-Pres.'s, Geo. B. Lewis and Geo. C. Cornell; Cashier, S. F. Robinson.

8850—First National Bank, Highland Falls, N. Y.; capital, $25,000; Pres., F. R. Fitchett; Vice-Pres., Jno. Kreutz; Cashier, Theo. J. Hicks.

8851—First National Bank, Lawrence, Neb.; capital, $25,000; Pres., H. Gilsdorf; Vice-Pres., Jno. O. Riley; Cashier, Jno. M. Riley. Conversion of State Bank of Lawrence.

8852—First National Bank, Texhoma, Okla.; capital, $25,000; Pres., Jno. R. P. Sewell; Cashier, H. C. Schultz; Asst. Cashier, Frank A. Sewell.

8853—First National Bank, Corona, N. Y.; capital, $100,000; Pres., W. J. Hamilton; Vice-Pres.'s, C. W. Copp and H. S. Johnston; Cashier, Wm. R. Bardell.

8854—Citizens' National Bank, Evans City, Pa.; capital, $50,000; Pres., J. M. List; Cashier, S. J. Irvine; Asst. Cashier, C. H. Behm. Conversion of Citizens' Bank of Evansburg.

8855—Homer City National Bank, Homer City, Pa.; capital, $50,000; Pres., E. J. Miller; Vice-Pres., J. L. Nix; Cashier, S. C. Steele.

8856—Citizens' National Bank, Lineville, Ala.; Capital, $27,000; Pres., S. J. Gay; Vice-Pres., W. D. Mitchell; Cashier, M. M. Eppes.

8857—First National Bank, Reedley, Cal.; capital, $25,000; Pres., J. J. Eymann; Vice-Pres., Harry F. Winnes; Cashier, A. C. Eymann. Conversion of Reedley State Bank.

8858—First National Bank, Oley, Pa.; capital, $25,000; Pres., I. M. Bertolet; Cashier, S. J. Hartman.

8859—National Bank, Verden, Okla.; capital, $25,000; Pres., H. B. Johnson; Vice-Pres., James N. Jones; Cashier, H. J. Butterly. Conversion of Bank of Verden.

8860—Poolesville National Bank, Poolesville, Md.; capital, $25,000; Pres., H. W. Spurrier; Vice-Pres's., W. T. Griffith and B. W. Walling; Cashier, Geo. D. Willard.

8861—Waurika National Bank, Waurika, Okla.; capital, $25,000; Pres., Wade Atkins; Vice-Pres., T. B. Kelly; Cashier, W. E. Alexander.

8862—Witherspoon National Bank, Lawrenceburg, Ky.; capital, $100,000; Pres., A. C. Witherspoon; Vice-Pres's., Jas. D. Cox, J. W. Major and Jas. D. Buntain; Cashier, W. G. Witherspoon.

8863—First National Bank, Bancroft, Neb.; capital, $30,000; Pres., J. E. Turner; Vice-Pres., J. E. L. Carey; Cashier, A. G. Zuhlke.

8864—Maxfield National Bank, Batesville, Ark.; capital, $50,000; Pres., Theo. Maxfield; Vice-Pres's., T. S. Maxfield and A. A. Maxfield; Cashier, P. Thomas.

8865—First National Bank, Ozone Park, N. Y.; capital, $50,000; Pres., Jno. B. Reimer; Vice-Pres's., G. F. Livett and Wm. E. Clark; Cashier, Ralph C.

Hughes; Asst. Cashier, W. A. Watson.

8866—Farmers and Citizens' National Bank, Montgomery, Pa.; capital, $35,000; Pres., A. P. Hull; Vice-Pres., S. B. Henderson; Cashier, Jno. C. Burger.

8867—Pikesville National Bank, Pikesville, Md.; capital, $25,000; Pres., Paul A. Seeger; Vice-Pres., H. M. Benzinger; Cashier, Chas. K. Hann.

8868—Lynnville National Bank, Lynnville, Ind.; capital, $25,000; Pres., Jos. H. Madden; Vice-Pres., J. F. Rickrich; Cashier, Chas. E. Powell.

8869—First National Bank, American Falls, Ida.; capital, $25,000; Pres., D. W. Davis; Cashier, Geo. P. McBurney.

8870—City National Bank, Long Beach, Cal.; capital, $100,000; Pres., B. W. Scheurer; Vice-Pres's., W. R. Price and J. C. Pursley; Cashier, B. F. Tucker.

8871—Wayne National Bank, Cambridge City, Ind.; capital, $50,000; Pres., Jno. K. Smith; Vice-Pres., W. Bent Wilson; Cashier, Robt. A. Hicks.

8872—First National Bank, Rockville Centre, N. Y.; capital, $25,000; Pres., G. Byron Latimer; Vice-Pres., Jno. H. Carl.

8873—First National Bank, Amityville, N. Y.; capital, $25,000; Pres., W. W. Hulse; Vice-Pres., W. E. Holloway.

8874—First National Bank, Fort Lee, N. J.; capital, $25,000; Pres., Jno. C. Abbott; Vice-Pres's., Wm. E. Holloway and H. H. Ghent; Cashier, J. C. Howell.

8875—National Bank, Chilhowie, Va.; capital, $25,000; Pres., R. F. Young; Vice-Pres., L. M. Cole; Cashier, W. E. Umbarger.

8876—First National Bank, Morris, I. T.; capital, $25,000; Pres., L. R. Kershaw; Vice-Pres., F. C. Hubbard; Cashier, W. J. Anicker.

8877—Cabool National Bank, Cabool, Mo.; capital, $25,000; Pres., Jno. H. Bauch; Vice-Pres., S. J. Salyer; Cashier, J. McDowell.

8878—Farmers' National Bank, Sunman, Ind.; capital, $25,000; Pres., C. Neufarth.

8879—Home National Bank, Union City, Pa.; capital, $50,000; Pres., D. G. Smiley; Vice-Pres., R. Fuller; Cashier, F. W. Reese.

8880—First National Bank, Lordsburg, N. M.; capital, $25,000; Pres., W. H. Small; Vice-Pres., Jno. T. McCabe; Cashier, Frank R. Coon.

8881—First National Bank, McClusky, N. D.; capital, $25,000; Pres., J. A. Beck; Vice-Pres., W. H. McClusky; Cashier, E. B. Robertson.

8882—First National Bank, Farmingdale, N. Y.; capital, $25,000; Pres., A. Bausch; Vice-Pres's., J. F. Michel and C. Fuchs; Cashier, J. P. Schwartz.

8883—Farmers' National Bank, Stafford, Kans.; capital, $25,000; Pres., J. D. Larabee; Vice-Pres., R. S. Thompson; Cashier, F. S. Larabee; Asst. Cashier, F. C. Kaths.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Elkmont—Citizens' Bank (Branch of Citizens' Bank of Athens); Mngr., W. A. Todd.

Talladega Springs — Planters' Bank; capital, $25,000; Pres., W. H. Mitchell; Cashier, T. S. Mitchell.

ARIZONA.

Yuma—Home Savings Bank & Loan Co.; capital, $50,000; Pres., E. G. Caruthers; Vice-Pres., M. J. Nugent.

ARKANSAS.

Eureka Springs—Arkansas State Bank; capital, $15,000; Pres., C. T. Granger; Vice-Pres., R. B. Kelley; Cashier, R. S. Granger; Asst. Cashier, C. L. Gregg.

Winslow—Bank of Winslow; capital, $20,000; Pres., J. R. Stockburger; Vice-Pres., A. N. Cole; Cashier, Geo. A. Winn.

CALIFORNIA.

Fort Bidwell—Bank of Fort Bidwell; capital, $30,000; Pres., A. C. Lowell; Vice-Pres., E. P. Sessions; Cashier, W. R. Lowell.

Richmond—Mechanics' Bank; capital, $25,000; Pres., L. I. Cowgill; Vice-Pres., Jos. Iverson; Cashier, Chas. J. Crary.

COLORADO.

Calhan—First State Bank; succeeded Bank of Calhan; capital, $15,000; Pres., B. M. Narron; Vice-Pres., H. B. Slaven; Cashier, L. A. Schiessman; Asst. Cashier, J. M. Humrick.

Grand Valley—Garfield County State Bank; capital, $10,000; Pres., G. E. Clarkson; Vice-Pres., A. J. Coddington; Cashier, T. N. Thompson.

CONNECTICUT.

Windsor Locks—Windsor Locks Trust & Safe Deposit Co.; Pres., Wm. Mather; Vice-Pres., J. R. Montgomery; Cashier, V. L. Mather.

FLORIDA.

Live Oak—Citizens' Bank; capital, $50,000; Pres., J. B. Barton; Vice-Pres.'s, E. J. Blume and D. L. Byrd; Cashier, A. P. Mickler.

GEORGIA.

Augusta—Citizens' Bank; capital, $15,000; Pres., P. S. North; Vice-Pres., C. A. Fleming; Cashier, M. C. Dowling.

Baldwin—Baldwin State Bank; capital, $15,000; Pres., L. O. Benton; Vice-Pres., W. A. Shore; Cashier, M. C. Sanders.

Edison—Hammock Rish Bank; Pres., D. W. Hammock; Vice-Pres., H. E. Hammock; Cashier, E. B. Fields.

Martin—Bank of Martin; capital, $15,000; Pres., W. C. Mason; Cashier, P. D. Landmin.

Wadley—Jefferson County Bank; capital, $25,000; Pres., Jno. D. Walker; Vice-Pres., G. H. Williams; Cashier, C. W. Marsh.

IDAHO.

Alberta—First State Bank; capital, $25,000; Pres., Geo. W. Mickelwait; Vice-Pres., T. B. Brush; Cashier, R. E. Mickelwait.

Kendrick—Farmers' Bank & Trust Co.; capital, $25,000; Pres., Jno. P. Vollmer; Vice-Pres., E. Patchison; Cashier, N. S. G. Evans.

Mackey—State Bank; capital, $25,000; Pres., Jos. Rodgers; Vice-Pres., D. R. Jones; Cashier, A. Burnett; Asst. Cashier, Ed. F. Ferris.

Milner—Milner State Bank; capital, $10,000; Pres., J. H. Purdy; Vice-Pres., F. Hill; Cashier, H. S. Geery; Asst. Cashier, H. R. Grant.

Roseberry—Roseberry State Bank; capital, $10,000; Pres., E. C. Rowell; Vice-Pres., E. Culpepper; Cashier, P. V. Lucas; Asst. Cashier, A. B. Lucas.

Sand Point—Fidelity Trust Co.; Pres., Jno. Marshall; Vice-Pres., M. Davis; Cashier, Hy. E. Coughlin.

ILLINOIS.

Edwardsville—Citizens' State & Trust Bank; capital, $60.000; Pres., C. W. Terry; Vice-Pres., H. P. Hotz.

Mount Carmel—Mount Carmel Trust & Savings Bank; Pres., Lewis Seitz; Vice-Pres., Wm. P. Habberton; Cashier, Dan F. Seibert.

Viola—Farmers' Bank; capital, $25,000; Pres., Dan W. Sedwick; Cashier, John G. Zern.

INDIAN TERRITORY.

Aylesworth—Bank of Aylesworth; capital, $10,000; Pres., Jas. R. McKinney; Vice-Pres., B. A. McKinney; Cashier, Bruce May.

Cameron—Bank of Cameron; capital, $5,000; Pres., A. King; Vice-Pres., J. P. Guest; Cashier, Ray A. Cooper.

Cameron—Farmers & Merchants' Bank; capital, $5,000; Pres., C. E. McMurtrey; Vice-Pres., J. W. Boozman; Cashier, R. W. Cotton.

Wayne—First State Bank; capital, $10,000; Pres., Geo. S. Banger; Vice-Pres., J. J. Nemeseh; Cashier, C. W. Hughes.

IOWA.

Arnolds Park—Arnolds Park Bank; capital, $10,000; Pres., H. H. Buck; Vice-Pres., B. B. Van Sternburg; Cashier, J. M. Wallace.

Bradford (P. O. Hampton) — Bradford Savings Bank; capital, $15,000; Pres., L. Truman; Vice-Pres., O. F. Myers.

Oelwein—Iowa Savings Bank; Pres., E. C. Belt; Vice-Pres., W. E. Robinson; Cashier, J. W. Kint; Asst. Cashier, W. G. Wallrath.

KANSAS.

Bigelow—Bigelow State Bank; capital, $12,000; Pres., J. E. Chetty; Vice-Pres., W. H. Smith; Cashier, A. H. Brubocker.

Bremen—Bremen State Bank; capital, $10,000; Pres., Wm. Rabe; Vice-Pres., F. W. Stoks; Cashier, F. H. Pralle.

Canton—Farmers' State Bank; capital, $15,000; Pres., M. T. Fletcher; Vice-Pres., G. A. Johnson; Cashier, W. H. Williamson.

Cullison—Cullison State Bank; capital, $10,000; Pres., Geo. W. Lemon; Vice-Pres., H. A. Barbee; Cashier, Harry G. Rolfe.

Dearing—Dearing State Bank; capital, $10,000; Pres., J. C. Hester; Vice-Pres., E. M. Michel; Cashier, E. L. Runyan.

Hiawatha—Citizens' State Bank; capital, $25,000; Pres., C. O. Dimmock; Vice-Pres., J. M. Sewell; Cashier, J. D. Weltmer.

Morrill—Citizens' State Bank; capital, $10,000; Pres., Jno. W. Breidenthal; Vice-Pres., E. B. McKim; Cashier, M. A. Crooks.

Princeton—People's State Bank; capital, $10,000; Pres., W. B. Kiler; Vice-Pres., W. Elliott; Cashier, W. B. Devilbiss; Asst. Cashier, J. B. Lingard.

UTAH.

Sandy—Sandy City Bank; capital, $5,000; Pres., A. G. Robertson; Vice-Pres., W. W. Wilson; Cashier, A. R. Gardner.

VERMONT.

Windsor—Windsor County Trust Co.; capital, $25,000; Pres., S. R. Bryant; Vice-Pres., H. C. Daniels; Treas., T. C. Lull.

VIRGINIA.

Stanardsville—Citizens' Bank; capital, $10,000; Pres., E. W. Sims; Vice-Pres., R. N. Stephen; Cashier, B. I. Bickers; Asst. Cashier, E. D. Davis.

WASHINGTON.

Uniontown—Fidelity State Bank; capital, $10,000; Pres., Geo. B. Wieber; Vice-Pres., Jno. B. Hill; Cashier, J. L. Taggart.

WISCONSIN.

Milltown—Milltown State Bank; capital, $12,000; Pres., Chas. H. Oakey; Vice-Pres., J. L. Sund; Cashier, S. K. Twetten; Asst. Cashier, W. M. Christensen.

New Auburn—First State Bank; capital, $5,000; Pres., C. W. Gardner; Vice-Pres., E. E. Best; Cashier, J. W. Gray.

Owen—State Bank; capital, $12,000; Pres., J. G. Owen; Vice-Pres., H. B. Crane; Cashier, W. C. Tufts.

Wausau—Citizens' State Bank; capital, $50,000; Pres., S. M. Quaw; Vice-Pres., Chas. A. Barwig.

WYOMING.

Afton—Afton State Bank; capital, $12,000; Pres., A. N. Dann; Vice-Pres., M. Schwab, Jr.; Cashier, A. C. Lund.

CANADA.

BRITISH COLUMBIA.

Creston—Canadian Bank of Commerce; P. B. Fowler, Mgr.

ONTARIO.

Welland—Royal Bank of Canada; C. C. Mackae, Mgr.

QUEBEC.

St. Thomas de Montmagny—Quebec Bank; A. C. Crepeau, Mgr.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Dothan—Third National Bank; no Vice-Pres. in place of S. J. Espy.

Gadsden—Gadsden National Bank; J. F. Rush, Cashier.

Samson—First National Bank; W. B. Sellers, Pres., in place of G. H. Malone; J. B. Davis, Vice-Pres., in place of W. B. Sellers; J. S. Collins, Cashier, in place of J. J. Morris.

Talladega—Talladega National Bank; W. C. Dowdell, Cashier, in place of J. A. Thornton; no Ast. Cashier in place of W. C. Dowdell.

ARKANSAS.

Fayetteville—National Bank; Urie D. Harris, Cashier, in place of A. L. Trent.

Fort Smith—Fort Smith Trust Co.; absorbed Bank of Arkansas; title changed to Fort Smith Bank and Trust Co.; Pres., A. N. Sicard; Vice-Pres., W. F. Blocker; Sec'y, C. B. Carter; capital, $200,000.

Hope—Hope National Bank; J. H. Betts, Pres., in place of J. T. West, deceased.

Lake Village—Chicot Bank and Bank of Lake Village, consolidated; title changed to Chicot Bank and Trust Co.; capital $60,000; Pres., Hy. Thane; Vice-Pres., J. B. Simms; Cashier, W. F. McCorkle.

CALIFORNIA.

Azusa—First National Bank; I. W. Ketchum, Cashier, in place of H. S. Johnson.

Half Moon Bay—Bank of Half Moon Bay; Pres., J. H. Goldman; Vice-Pres., Hy. Levy.

Lemoore—First National Bank; M. L. Wells, Asst. Cashier.

Los Angeles—Central National Bank; Jno. R. Mathews and S. F. Zombro, Vice-Pres.'s; J. B. Gist, Cashier, in place of W. C. Durgin; no Asst. Cashier in place of J. B. Gist.

Reedley—First National Bank; R. Bergthold, Asst. Cashier.

Roseville—Roseville Banking and Trust Co.; Wm. Sawtell, Pres., in place of A. L. Darrow, resigned.

San Francisco—German Savings and Loan Society; N. Ohlandt, Pres., in place of F. Tillman, Jr.

COLORADO.

Denver—National Bank of Commerce; no Asst. Cashier in place of K. A. Gagg.

Durango—First National Bank; K. A. Gagg, Asst. Cashier, in place of A. W. Ayres.

Fort Collins—Commercial Bank and Trust Co.; M. G. Nelson, Cashier, in place of Clark Smith.

Idaho Springs—Clear Creek and Gilpin Trust Co.; Pres., Jno. Owen; Vice-Pres., E. L. Regennitter; Cashier, C. I. Spissard.

Platteville—First National Bank; James F. Dawson, Pres., in place of F. J. Macarthy; E. W. Smith, Vice-Pres., in place of J. F. Dawson.

CONNECTICUT.

Brooklyn — Brooklyn Savings Bank; Pres., J. A. Williams; Vice-Pres., J. A. Atwood; Treas., C. A. Potter.

FLORIDA.

Pensacola—Pensacola Bank and Trust Co.; Thos. C. Watson, Vice-Pres., in place of F. L. Wilkinson, resigned.

GEORGIA.

Atlanta—Fourth National Bank; J. M. Thomas, Asst. Cashier.
Augusta — National Bank; Chas. R. Clark, Cashier, in place of Frank G. Ford.
Lawrenceville—Bank of Lawrenceville; G. C. Webb, Cashier, in place of Jno. M. Jacobs.
Ochlochnee—Bank of Ochlochnee; H. A. Williams, Cashier, in place of Wm. Johnson, resigned.

IDAHO.

Boise—Boise State Bank; Edw. Payne, Pres., in place of Jno. T. Morrison, resigned.
Moscow—Moscow State Bank; Pres., Jerome J. Day; Vice-Pres., S. R. H. McGowan; Cashier, J. W. Bradbury.

ILLINOIS.

Chicago—Federal National Bank; E. C. Brainard, Pres., in place of I. N. Perry; Vice-Pres., Jno. Worthington. —National City Bank; W. D. Dickey, Asst. Cashier.
Paris—First National Bank; Fred Baber, Asst. Cashier, in place of A. H. Cline.
Ridgefarm—First National Bank; H. J. Cole, Pres., in place of P. H. Smith; C. M. Harrold, Asst. Cashier.

INDIANA.

Hagerstown—First National Bank; A. R. Jones, Cashier, in place of R. A. Hicks.
Mount Vernon—First National Bank; Robt. V. Stimson, Vice-Pres., in place of Manuel Crombach.
New Harmony—First National Bank; J. N. Whitehead, Vice-Pres., in place of J. N. Johnson; C. R. Chadwick, Asst. Cashier, in place of J. N. Whitehead.
Peru—Wabash Valley Trust Co.; A. E. Cathcart, Treas., in place of C. R. Hughes, resigned.
Princeton—Citizens' Bank; W. L. West, Pres., resigned.
Terre Haute—Terre Haute National Bank; Jno. L. Crawford, Vice-Pres.
Tipton—First National Bank; N. R. Marker, Asst. Cashier.

INDIAN TERRITORY.

Okmulgee—Citizens' National Bank; Geo. W. Mitchel, Pres., in place of D. M. Smith.
Oologah—Bank of Oologah; Pres., B. J. Burke; Vice-Pres., C. A. Schmay; Cashier, F. E. Carlstrom.
Talequah—First National Bank; J. A. Lawrence, Pres., in place of J. S. Stapler, deceased.
Terral—First National Bank; N. T. Gilbert, Vice-Pres.
Wagoner—Wagoner National Bank; C. W. Sheldon, Cashier, in place of F. C Garner.

IOWA.

Colfax—First National Bank; F. M. Gagle, Pres., in place of W. W. Lyons; F. E. Boyd, Vice-Pres., in place of E. E. Dotson; no Vice-Pres., in place of R. A. Crawford; P. E. Johannsen, Cashier, in place of E. E. Dotson; R. E. Cummings, Asst. Cashier.
Conway—Conway Savings Bank; G. W. Nicholson, Pres., in place of C. E. Price.
Fonda—First National Bank; J. W. Martin, Cashier, in place of L. A. Rothe; Ira A. Moore, Asst. Cashier, in place of J. W. Martin.
Manilla—First National Bank; Edw. Saunders, Vice-Pres.
Mount Pleasant—First National Bank; W. S. Withrow, Vice-Pres.
Riverside — Citizens' Savings Bank; Pres., G. F. Nieland; Vice-Pres., Anthony Yeggy.

KANSAS.

Delphos—First National Bank; F. B. Partridge, Cashier, in place of H. C. Wones; J. B. Richards, Asst. Cashier.
Idana—Bank of Idana; D. K. Rankin, Pres., in place of J. A. Meek.
Lyndon—First National Bank; E. C. Wilson, Cashier, in place of A. L. Wilson; no Asst. Cashier in place of E. C. Wilson.
Plainville — Farmers and Merchants' State Bank; W. F. Hughes, Cashier, in place of G. M. Brown, resigned.

KENTUCKY.

Dayton—Bank of Dayton; Robt. R. McMurtry, Cashier, in place of J. S. Williams, resigned.
Harrodsburg—First National Bank; L. Riker, Pres., in place of T. H. Hardin.

LOUISIANA.

New Orleans—New Hibernia National Bank; L. M. Pool, Asst. Cashier, in place of W. C. Dwyer; Paul Villere, Asst. Cashier.

MAINE.

Portland—Portland National Bank; Wm. W. Mason, Pres., in place of F. E. Richards; no Vice-Pres., in place of Wm. W. Mason.—Union Safe Deposit and Trust Co.; Fred N. Dow, Pres., in place of F. E. Richards, resigned.

MARYLAND.

Baltimore—Old Town National Bank; Aaron Benesch, Vice-Pres., in place of D. E. Evans, deceased.

MASSACHUSETTS.

Boston—People's National Bank of Roxbury; W. F. Beale, Acting Cashier, in place of H. A. Rhoades.—Winthrop National Bank; W. M. Kingman, Asst. Cashier, in place of A. W. Small.

Lynn—Central National Bank; Louis H. Attwill, Asst. Cashier.

Medford—Medford National Bank; Chas. H. Sawyer, Pres., in place of D. I. McIntire; W. P. Martin, Vice-Pres., in place of C. H. Sawyer.

Woburn—Woburn National Bank; Edw. Johnson, Cashier, in place of G. A. Day.

MICHIGAN.

Cadillac—Cadillac State Bank; capital increased from $50,000 to $100,000.

MINNESOTA.

Ceylon—First National Bank; F. C. Henningsen, Cashier, in place of E. J. Barnett; E. J. Barnett, Asst. Cashier.

Clinton—Clinton State Bank; Pres., H. F. Thompson; Vice-Pres., O. Steen.

Middle River—State Bank; A. C. Kennes, Cashier, in place of T. B. Torkelson, resigned.

Montevideo—First National Bank; C. J. Thompson, Pres., in place of C. D. Griffith.

Verndale—First National Bank; no Asst. Cashier, in place of L. D. Frazier.

Wadena—Merchants' National Bank; no Vice-Pres., in place of A. G. Broker, deceased.

MISSISSIPPI.

Lumberton—First National Bank; J. B. Salmond, Cashier, in place of J. S. Love; L. C. Pigford, Asst. Cashier, in place of J. B. Salmond.

MISSOURI.

Amazonia—Amazonia State Bank; Pres., C. Yenni; Vice-Pres., Wm. Horton; Cashier, A. J. Schier.

Bethel—Bank of Bethel; Pres., H. Will; Vice-Pres., Steinbach; Cashier, A. W. Steinbach; Asst. Cashier, E. G. Bower.

Grant City—First National Bank; A. W. Kelso, Vice-Pres.

Kirksville—National Bank of Kirksville; S. F. Stahl, Vice-Pres., in place of G. T. Spencer.

Macon—First National Bank; J. D. Fleming, Cashier, in place of R. A. Guthrie; Chris. R. Maffry, Asst. Cashier, in place of J. D. Fleming.

Odessa—Farmers' Bank; T. J. Powell, Pres., deceased.

Shelbina — Farmers and Merchants' Bank; Pres., J. H. Wood; Vice-Pres., Jas. E. Ragsdale; Cashier, W. H. Jones; Asst. Cashier, Geo. W. O'Bryan.

St. Louis—Vandeventer Trust Co.; Pres., W. W. Henderson; Vice-Pres., Floyd Shock; Cashier, J. B. Carton.

MONTANA.

Basin—Hewitt State Bank; Alvin Berry, Cashier, in place of L. D. Kent.

Havre—First National Bank; F. N. Utter, Cashier, in place of J. C. Pancoast.

Lewistown—First National Bank; Geo. J. Bach, Second Vice-Pres.

Miles—First National Bank; G. M. Miles, Pres., in place of W. B. Jordan; W. E. Briggs, Vice-Pres., in place of G. M. Miles.

NEBRASKA.

Allen—First National Bank; W. J. Armour, Pres., in place of Ed. F. Gallagher; C. D. Armour, Vice-Pres., in place of T. F. Birmingham; W. F. Filley, Cashier, in place of E. J. Mack.

Aurora—First National Bank; T. E. Williams, Pres., in place of W. H. Streeter, deceased; W. C. Chambers, Cashier, in place of T. E. Williams.

Beemer—First National Bank; A. F. Dankenbring, Asst. Cashier, in place of R. O. Brandt.

Lawrence—First National Bank; O. A. Riley, Asst. Cashier.

Pilger—First National Bank; R. O. Brandt, Cashier, in place of J. A. Schaberg.

Utica—First National Bank; Ray W. Jones, Asst. Cashier.

NEVADA.

Searchlight — Searchlight Bank and Trust Co.; Pres., Homer G. Taber; Cashier, Henry Huggins.

Tonopah—Nevada First National Bank; Geo. A. Bartlett, Vice-Pres.; R. T. Harris, Cashier, in place of W. G. Cooper.

NEW JERSEY.

Jamesburg—First National Bank; Fredk. L. Buckelew, Pres., in place of Jos. C. Magee; Wm. C. Buckelew, Vice-Pres., in place of F. L. Buckelew.

NEW MEXICO.

Lake Arthur—First National Bank; J. A. Edwards, Pres., in place of R. V. Crowder; J. K. Hearte, Vice-Pres., in place of J. H. Kingston.

Roswell—Citizens' National Bank; J. J. Jaffa, Cashier, in place of Nathan Jaffa.

Tucumcari—First National Bank; Elmer Edwards, Asst. Cashier.

NEW YORK.

Alexandria Bay—First National Bank of the Thousand Islands; Adam Bickelhaupt, Vice-Pres., in place of T. H. Donald, deceased.

Brooklyn—First National Bank; A. J. Leonard, Vice-Pres.

Cobbleskill—First National Bank; De Witt C. Dow, Pres., in place of J. H. Tator, deceased; A. C. Kilmer, Cashier, in place of De Witt C. Dow.

Corning—First National Bank; W. S. Reed, Cashier, in place of David S. Drake, deceased.

Highland Falls—First National Bank; Wm. J. Duffy, Vice-Pres.

Montour Falls—Weed, Fisher & Co.; title changed to W. N. Weed & Son; Cashier, Chas. M. Weed; Asst. Cashier, E. Van Vleet.

Stapleton — Stapleton National Bank; Martin H. Scott, Cashier, in place of Robt. H. Gill.

Watertown — Jefferson Co. National Bank; Geo. V. S. Camp, Cashier, in place of S. T. Woolworth, deceased; P. Norton, Asst. Cashier, in place of Geo. V. S. Camp.

NORTH CAROLINA.

Fairmont — Bank of Ashpole; title changed to Bank of Fairmont.

Fayetteville—National Bank; S. W. Cooper, Vice-Pres.; A. B. McMillan, Cashier, in place of Ralph Jessup; T. M. Shaw, Asst. Cashier, in place of A. B. McMillan.

Graham — Bank of Almance; title changed to National Bank of Almance.

Lincolnton—County National Bank; J. M. Rhodes, Pres., in place of Ambrose Costner.

Statesville—First National Bank; J. C. Irvin, Pres., in place of W. M. Cooper; Geo. H. Brown, Vice-Pres., in place of J. C. Irvin.

NORTH DAKOTA.

Casselton—First National Bank; F. J. Langer, Vice-Pres.; S. V. Weiser, Cashier, in place of F. J. Langer.

Dickinson—Merchants' National Bank; A. H. Arnett, Pres., in place of J. F. Davis.

Kulm—Le Moure County Bank; Vice-Pres., B. W. Schouweiler; Asst. Cashier, W. M. Wilken.

Nekoma—State Bank; C. M. Tjosvold, Cashier, in place of J. B. Johnson.

Ryder—Bank of Ryder; Geo. R. Van Sickle, Cashier.

Valley City—Bank of Valley City; L. S. Platou, Pres.; Louis Noltimeier, Vice-Pres.

OHIO.

Cleveland—Glenville Banking and Trust Co.; J. J. Phillips, Vice-Pres., deceased.

Delta—Farmers' National Bank; W. H. Fraker, Asst. Cashier.

OKLAHOMA.

Cement—First National Bank; E. C. Peery, Vice-Pres., in place of Travis Latimer.

Frederick—First National Bank; R. E. Huff, Pres., in place of W. E. Weathers; J. E. McConnell, First Vice-Pres., in place of G. S. Hawkins; W. A. Stinson, Second Vice-Pres.

Ponca City—First National City; no Cashier in place of E. R. Peery, deceased.

Pond Creek—National Bank; E. Grimes, Cashier, in place of E. G. Palmer; no Asst. Cashier in place of E. Grimes.

Putnam—First State Bank; Pres., H. R. Hulbut; Vice-Pres., J. Howell; Cashier, F. C. Staley; Asst. Cashier, F. Maddell.

PENNSYLVANIA.

Adamsburg—First National Bank of Beaver Springs; J. F. Snook, Cashier, in place of K. C. Walter; C. O. Greenhoe, Asst. Cashier.

Ambridge—Ambridge Savings and Trust Co.; Pres., C. B. McLean; Vice-Pres., Geo. E. McCague.

Marysville—First National Bank; J. H. Seidel, Pres., in place of J. W. Place; J. W. Beers, First Vice-Pres., in place of J. H. Seidel; E. B. Leiby, Second Vice-Pres., in place of J. W. Beers.

Oley—First National Bank; Amos F. Breidigam and A. S. Hartman, Vice-Pres's.

Philadelphia—Northern National Bank; H. F. Gillingham, Pres., in place of E. R. Watson, deceased; W. H. Bilyeu, Vice-Pres., in place of H. F. Gillingham.—Western National Bank; A. J. McGrath, Cashier pro tem.—West Philadelphia Title and Trust Co.; A. I. Wood, Pres., in place of Hy. Z. Ziegler, deceased.

Reading—Reading National Bank; Fred S. Jones, Vice-Pres., in place of W. R. Hinnershitz.

Turtle Creek—First National Bank; Geo. D. Lindsay, Asst. Cashier.

West Alexander—West Alexander National Bank; Wm. F. Whitham, Pres., in place of E. M. Atkinson; H. B. Carroll, Vice-Pres., in place of J. B. Chambers.

SOUTH DAKOTA.

Aberdeen—Trust and Savings Bank; title changed to Citizens' Trust and Savings Bank.

De Smet—De Smet National Bank; A. W. Stone, Pres., in place of T. H. Ruth.

Frederick—First National Bank; D. F. Lane, Cashier, in place of Geo. E. Hewitt.

Herreid—State Bank; M. J. Schirber, Cashier.

Rapid City—First National Bank; A. K. Thomas, Cashier, in place of H. W. Somers; A. S. Halley, Asst. Cashier.

Yankton—First National Bank; W. E. Heaton, Cashier, in place of J. T. McVay.

TENNESSEE.

Goodlettsville—Bank of Goodlettsville; B. F. Myers, Cashier, deceased.

Murfreesboro—First National Bank; C. B. Bell, Asst. Cashier.

TEXAS.

Alba—Alba National Bank; C. H. Morris, Vice-Pres., in place of A. Y. Morris; G. C. Hopkins, Asst. Cashier.

Amarillo—Amarillo National Bank; M. C. Le Master, Cashier, in place of C. E. Oakes.

Beaumont—First National Bank; S. O. Hampil, Asst. Cashier, in place of L. M. Hebert.

Breckenridge—First National Bank; B. S. Walker and W. C. Veale, Vice-Pres.'s in place of C. McCauley and W. H. Green; P. R. Braselton, Cashier, in place of J. W. Ward; Jack Black, Asst. Cashier, in place of C. O. McCauley.

Brownwood—Coggins Bros. & Ford: title changed to Coggin & Ford Co.; Vice-Pres.'s, C. H. Bencini and R. B. Rogers.

De Kalb—First National Bank; C. C. Crump, Cashier, in place of E. M. Crump; M. E. Harwell, Asst. Cashier.

Itasca—Itasca National Bank; G. L. Carlisle, Asst. Cashier.

Jefferson—Commercial National Bank; W. T. Neilon, Asst. Cashier.

Mabank—First National Bank; Martin Eastwold, Cashier, in place of H. L. Spikes.

Markin—First National Bank; J. C. Fountain, Cashier, in place of D. S. Eddins; W. H. W. Jones, Asst. Cashier.

McKinney—First National Bank; J. L. Lovejoy, Pres., in place of T. T. Emerson, deceased; Fred Emerson, Vice-Pres.; Cliff Emerson, Asst. Cashier, in place of Fred Emerson; J. G. Fitzhugh, Asst. Cashier.

Mount Vernon—First National Bank; no Second Vice-Pres. in place of J. H. Majors.

Sequin—First National Bank; no Cashier, in place of H. R. Gohmert.

Snyder—First National Bank; W. A. Johnson, Pres., in place of J. E. Dodson; I. H. Nelson, Cashier, in place of T. F. Baker.

Turnersville—First National Bank; H. V. Tull, Cashier, in place of J. W. Short.

Waco—Exchange National Bank; Gip Smith, Vice-Pres.

VERMONT.

Barton—Barton National Bank; J. E. Dwinell, Pres., in place of Amory Davison; J. L. Lewis, Vice-Pres., in place of W. H. Blasdell.

Bellows Falls—National Bank; Hugh Henry, Vice-Pres.

Rutland — Rutland County National Bank; Carl S. Cole, Cashier, in place of H. F. Field.

WASHINGTON.

Bellingham—First National Bank; no Asst. Cashier, in place of H. L. Merritt.

Cheney—Bank of Cheney; title changed to F. C. Percival & Co.

Colton—Bank of Colton; title changed to Hilliard & Co.

Dayton—Dayton National Bank; Geo. W. Jackson, Cashier, in place of F. A. McMaster.

Eltopia—Bank of Eltopia; title changed to Bassett-Sutherland Co.

WEST VIRGINIA.

Phillippi—First National Bank; S. A. Moore, Vice-Pres., in place of A. Thompson.

Webster Springs—First National Bank; E. H. Morton, Vice-Pres., in place of J. W. Arthur; J. W. Arthur, Cashier, in place of H. E. Gump.

Wheeling—National Bank of West Virginia; no Vice-Pres. and Cashier in place of G. A. Wagner.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

CALIFORNIA.

Petaluma—Wm. Hill & Co., closed.

INDIAN TERRITORY.

Dewey—Bank of Dewey; reported closed.

KANSAS.

Peru—Citizens' State Bank; placed in voluntary liquidation.

KENTUCKY.

Madisonville—Morton National Bank; placed in voluntary liquidation, Sept. 14, 1907.

MAINE.

Ellsworth—First National Bank; placed in voluntary liquidation, Sept. 10, 1907.

MINNESOTA.

Fertile—First National Bank; placed in voluntary liquidation, August 31, 1907.

MISSISSIPPI.

Port Gibson—Mississippi National Bank; placed in voluntary liquidation, August 31, 1907.

MISSOURI.

Kansas City—American National Bank; placed in voluntary liquidation, July 27, 1907.

NEBRASKA.

Lincoln — Columbia National Bank; placed in voluntary liquidation, July 20, 1907.

PENNSYLVANIA.

Meyersdale—Farmers' Bank; reported closed.

SOUTH DAKOTA.

Armour—First National Bank; placed in voluntary liquidation, Sept. 2, 1907.

TENNESSEE.

Knoxville—Mechanics' National Bank; placed in voluntary liquidation.

TEXAS.

Austin — Texas Trust Co.; reported closed.

WASHINGTON.

Dayton—Dayton National Bank; placed in voluntary liquidation, August 27, 1907.

WEST VIRGINIA.

Beckley—First National Bank; placed in voluntary liquidation, August 27, 1907.

THE

BANKERS' MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIRST YEAR NOVEMBER, 1907 VOLUME LXXV, NO. 5

THE excitement in banking circles in New York which marked the closing weeks of last month began with a demand for the resignation of a bank officer who had become involved by the fluctuations in the copper market, and the trouble spread rapidly, causing the suspension of a number of banks and trust companies and runs on others. The savings banks of the city also decided to require the legal notice of withdrawals of deposits.

When the painstaking financial historian of the future comes to probe into the real significance of these events, he may be able to see them in a light impossible to those who watched the contest rage. On the surface it appeared that a man engaged in ambitious undertakings, of a more or less speculative character, had obtained control of a bank, of which he became president, and had so associated the institution, either actually or in the public mind, with his own personal fortunes that when these latter suffered a reverse, owing to a collapse in copper, he himself being largely interested in that commodity, a run on the bank ensued, causing the clearing-house association, in the interests of the general banking and business situation, to take the injured bank practically under its control. What caused the reversal of Mr. HEINZE's fortunes, and why the clearing-house had such a sudden accession of virtue in this particular instance—these are other stories.

The New York Clearing-House Association does not operate in such cases exactly on the principle which governs the compensation of Chinese physicians, who are paid only so long as their patients keep well. The clearing-house does, in fact, exercise more or less scrutiny over its members at all times, but does not trouble itself much about a bank so long as its health is good. On the first sign of weakness, however, the association gets busy. It might be a better policy, both for the bank immediately concerned, for the other banks, and for the public, if this activity commenced a little earlier in the game. If improper persons get control of a bank, it would seem that the clearing-house ought to nip the schemes of the ambitious financiers in the bud rather than to allow them to ripen to dead sea fruit.

The developments in regard to the Mercantile National Bank and the objections which were urged against Mr. HEINZE, Mr. MORSE and others as bankers open up some interesting questions regarding banking in New York and other large cities. The professional banker and the old-time commercial bank have been supplanted to a considerable extent by the high financier and the financial bank. Where the control of a bank is in the hands of an astute financier who is powerful enough to carry all his schemes through to success, the clearing-house never finds itself called on to make an investigation, however daring the financier's exploits may be. In banking, as in many other things, success covers a multitude of sins. One of the great corporations that has been the subject of hostile criticism in the press and that has been arraigned for defying the laws of the country has obtained a strong grip on the banking business of the United States. This does not seem to be a matter that causes the clearing-house any concern, although it is not improbable that in this and other cases the banks under this control are entangled in operations from which the banks of the country should be kept free. The glaring success won, however, has obscured the defects of what may be called "financial banking."

The elimination of daring speculators from the banking business, particularly when it is found out that they are no longer successful, is to be commended. It might also contribute to sound banking if the idea of great and powerful syndicates acquiring banks and using them to crush rivals and build up their own undertakings were discouraged. When a corporation or syndicate exercises such control over a bank or group of banks that loans can be had on easier terms than are accorded to other borrowers, the banks so dominated are in danger of finding themselves in deep water at some time or other. Even where no real difficulties are encountered by such banks, they nevertheless violate the elementary principles of sound banking, and set an exceedingly bad example to other banks.

While this type of financial banking has become rather familiar in recent years, it by no means represents the majority of the banks of New York or the other large cities. In the smaller places, and in the country, the banks are by reason of their situation more independent.

THE picturesque Boston gentleman who presumably is the delight of newspaper publishers on account of his liberal expenditures for advertising, recently came out with a broadside advising savings bank depositors to withdraw their deposits and invest them in stocks. His argument was something like this: Savings banks pay their depositors four per cent. or less, while many of the high-class stocks (and we will do him the justice to say that he advertised the purchase of no other kind, and outright instead of on margin) pay ten per cent. and upwards; besides, the savings banks, according to his theory, take the depositors' money, pay them four per cent., while the money is loaned to syndicates, etc., for carrying on their operations.

The advice to savings depositors, who hold on the average only $300 or $400, to withdraw their savings and invest them in stocks of any kind, however gilt-edged, or whatever dividends they pay, is wholly bad. Stocks of all kinds are more or less speculative, and depositors in savings banks cannot afford to buy them. That is the reason why the savings banks, as a rule, are prohibited from buying them. They must in New York State (and the same is substantially true in most of the states having the mutual savings bank system) invest their deposits in mortgages on real estate and in the better classes of bonds. This restriction is made entirely in the interests of the depositor, and to assure the safety of the money he puts into the bank.

The purchase of stocks when prices seem to be low may be an unobjectionable proceeding for a capitalist, and provided the success achieved by a subsequent rise does not turn his head and cause him to become a crazy speculator, money can be made in that way. But the savings bank depositors are not capitalists. Even for the sake of a higher interest yield, they cannot afford the risk that, in one form or another, invariably attaches to buying stocks.

Advertising of the character referred to is exceedingly harmful. In fact, it may be more dangerous than the get-rich-quick style of publicity, from its plausibility and apparently conservative tone.

THE offer of the presidency of the Mercantile National Bank of New York to Hon. WM. B. RIDGELY, the present efficient Comptroller of the Currency, recalls the list of former Treasury officials who have been or now are connected with banking institutions.

ALEXANDER HAMILTON, the first Secretary of the Treasury, although possessed of great executive capacity, and having a knowledge of the principles of banking equal to that of any of his successors, resumed the practice of law on resigning his office. GALLATIN, another of the great Secretaries, became identified with banking in New York after his long service as Secretary.

Coming down to later years, we find that Secretary McCULLOCH was a banker in Indiana before he entered the Treasury Department, first as Comptroller of the Currency and later as Secretary. After the close of his term he engaged in banking for a time in London. He again became Secretary of the Treasury toward the end of ARTHUR'S administration. Secretary MANNING was identified with banking in New York for a brief period before his death. Mr. GAGE, like Mr. McCULLOCH, had been a banker before becoming Secretary. On resigning he became president of a trust company in New York. His successor, Mr. SHAW, followed the same course.

Comptroller RIDGELY, had he become a bank president, would have been justified by numerous precedents—Comptrollers KNOX, LACEY, HEPBURN, CANNON, ECKELS and DAWES all having become successful heads of banks either in New York or Chicago.

Of Comptroller RIDGELY'S eminent qualifications to successfully manage the affairs of a large bank there can be no doubt. In addition to his able administration of the Comptroller's office, he comes of a well-known Illinois banking family.

Other Treasury officials who have recently entered upon a banking career are Assistant Secretaries VANDERLIP, AILES and ARMSTRONG, and Director of the Mint ROBERTS.

The offices of Secretary of the Treasury and Comptroller of the Currency are, not improperly, regarded as stepping-stones to a bank presidency. In fact, the large salary attached to the latter office is, indirectly at least, held out as a bait to induce an impecunious statesman to accept office. The Secretary of the Treasury gets only a modest salary—hardly enough to keep up with the present social requirements of the National Capital; but as a consolation prize, it is generally pointed out that the Secretary will be "taken care of" by some big bank at a fat salary when he resigns or his term expires.

It might be more consistent with the dignity of his office, which is, perhaps, second only to that of the President, if the Secretary were paid a salary that would enable him to lay by enough while in office to support him in his retirement should he choose not to engage in business. At all events, he should be removed from the necessity of being placed in a position where if he is not actively seeking a position as bank president, he is at least known to be in a receptive mood.

While the Treasury is not a bank, since it does not discount commercial paper, it is nevertheless so intimately related to banking and financial affairs, and the executive ability required of a Secretary of the Treasury or Comptroller of the Currency is so great, that it is perfectly natural and proper that those who have held either of these offices should, on the completion of their term, enter the service of a bank. Those who have done so have almost invariably been eminently successful.

There is, however, one aspect of this matter which cannot be regarded with satisfaction. The Treasury in the selection of public depositories under existing law, and in its other dealings with the banks, may be biased in favor of those institutions presided over by former Treasury officials. A new Secretary of the Treasury, inexperienced in the details of practical finance, might, conceivably, defer more than he ought to the opinions of eminent bankers who had formerly occupied high posts in the Department. The charge has been openly and repeatedly made that certain banks were favored by the Treasury. What foundations there may have been for these charges we do not presume to say, but the basis for them ought to be removed. How is this to be done? By prohibiting a Secretary of the Treasury or an Assistant Secretary or Comptroller of the Currency from becoming a bank officer? That would be to place an unnecessary restraint upon the freedom of individuals, and would, moreover, judging from past experience, deprive the country of some of its best banking talent. Those who have formerly been associated with the Treasury Department—using that term in its inclusive legal sense—and who are now bank officers include several of our best-known and most successful bankers, who are known and respected for their high character. It would be most unfortunate if the banks of the country could not choose from such material in selecting their officers.

The remedy is to be sought in another direction. It would be comparatively easy to so amend the law that the Treasury in its dealings with the banks could not possibly practice discrimination, thus according to all that "square deal" which is, supposedly, the standard of the present relations between the Government and the people.

WHETHER Congress shall finally accept the credit currency plan of the American Bankers' Association, is a matter of little importance. Indeed, many of the leading members of the Commission that devised the plan are aware that some of its details are imperfect. But it at least commits the association to the support of the principle of a credit currency, which is alone highly significant. After years of discussion, in which the subject has been held up in every possible light, the bankers of the United States have soberly concluded that the whole scheme of a bond-secured currency is radically wrong.

Having reached this conclusion, it would not, necessarily, have followed that the bankers were in favor of a credit currency had they not so declared. But actually they did take positive grounds in favor of the issue of bank notes based upon the general credit of the issuing banks.

The question now arises, Is the present an opportune time for inaugurating a system of this kind? Without giving way to pessimistic feel-ings, it may be said that the country is approaching a period of slackened business activity; prices, too, are tending toward lower and more normal levels. Instead of regarding these changing conditions as something calculated to retard the country's prosperity, we may well believe that they are an assurance of its continuance. If this era of lessened business activity can be weathered without a panic—and that it can be is the hope and belief of some of the most careful observers—the country will undoubtedly be refreshed after its long-continued period of strenuosity.

Should there be a recession in the wave of business activity and if prices should decline to a marked extent, there would be no need to find additional supplies of currency. On the contrary, the supply already existing may be found redundant. A redundancy may be corrected in two ways—by the exportation of gold and by locking up money in the Treasury. Under a proper banking system the redundancy would be prevented by retiring that portion of the bank-note issue for which there was no present need.

To attempt to cure the existing hunger for capital by issuing more bank notes would be like trying to dam Niagara's flood with straw. The remedy for the acute stage of a panic is an inexhaustible supply of something that will serve as money; but that is not our situation now, and we do not need that remedy. Not being Secretary of the Treasury, we cannot pretend to know anything about how much money the country should have at a given time. Conditions change rapidly in these times; and while the indications at the present time seem to warrant the conclusion that our currency supply is likely to prove adequate, if not redundant, that is not altogether a safe opinion to hazard. MARK TWAIN's jumping frog was not a good risk, because he had been fed on shot. Likewise, one can never tell what the buoyant and enthusiastic Americans will do. It is pretty safe to assume, however, that they will do something.

In view of the fact that there does not appear to be any present necessity for providing for the issue of additional bank notes, it may be well enough if the passage of an act embodying the Currency Commission's plan is deferred until after the Presidential election. On political grounds alone, the reigning party can hardly be expected to pass any financial legislation at the session which convenes in December. Possibly, the whole question will have to be fought out before the people, as the silver issue was. In that event, the sooner a bill is introduced in Congress, the better. It will at least serve to get the matter before the people, and may lead to a declaration in the party platforms next summer.

Pending the inauguration of a credit currency, the issue of additional bond-secured notes should be stopped; that is, future issues of bonds should be made unavailable as a basis for bank-note circulation. It would certainly be a huge mistake to pile an Ossa of paper upon the Pelion already existing. Our present situation has been aggravated by the tremendous increase in the bank-note circulation in the last few years and by the artificial devices resorted to from time to time by the Secretary of the Treasury for "aiding the money market"—devices which often were of temporary benefit, but nearly always harmful in the long run. As the public debt is paid off, the present bank notes will gradually disappear and those issued on the general credit of the banks will take their place. Then the supply of bank notes will not depend upon the building of a canal in Panama or Patagonia, but will be determined by the wants of solvent borrowers and by the ability of the banks to keep on hand a sufficient gold reserve with which to redeem their notes.

FROM the American Forestry Association comes a soul-stirring appeal for the protection of our forests. This is a movement worthy of public support, but as the "New York Times" points out, one of the most obvious ways of preventing the destruction of American forests is to reduce the tariff on lumber. This would give our own forests a chance to recuperate, and would stimulate activity in the lumber regions of Canada, where the supply is practically inexhaustible.

The destruction of our forests, largely by preventable fires, is one of the several ways in which we are prodigally wasting our resources, and for which we shall one day be compelled to pay the penalty which usually follows upon extravagance and waste.

ONE of the ablest and most earnest opponents of the issue of credit notes by the existing national banks is Mr. ANDREW J. FRAME, president of the Waukesha National Bank, Waukesha, Wis. His arguments are founded upon a careful study of the bank-note question, and the sincerity of his presentation of them commands attention and respect even among those who do not accept his views.

Mr. FRAME's chief contention against the issue of asset currency by scattered independent banks rests upon the fact that at present there is hardly any parallel case existing in the world. On the contrary, where such a system of issue has existed it has been generally discarded, either for a central bank of issue or for a concentrated system such as prevails in Canada. He points out that the bank notes of several of the great European countries are gradually approximating to the same security as that pertaining to a coin certificate.

The objection to the issue of notes by the existing national banks seems to rest upon the assumption that these institutions are incapable of exercising that degree of discrimination which would enable them to keep their note issues within proper limits. Certainly nobody can imagine that any notes that will be issued can possibly be open to objection on the score of safety. We all realize that Congress will never give its sanction to any kind of bank note that is not absolutely safe—that will be an indispensable requisite of the credit notes when they come to be issued, whatever the details of the plan finally adopted.

The assumption that the banks of this country cannot be trusted to issue circulating notes will hardly bear examination. In any plan so far proposed the issue of notes is hedged about by restrictions which are more severe than in the case of loans, yet nobody seems to question the ability of the banks to handle the loans safely, although the latter mount up into billions, while the credit notes would only aggregate $100,000,000 or $200,000,000 at first and would never reach anything near the total of the loans.

If somebody should propose to Mr. FRAME that when an application was made at the Waukesha National Bank for a loan, he must consult with Mr. FORGAN in Chicago or Mr. STILLMAN in New York before giving an answer to his applicant, he would very justly become indignant. And yet that is precisely, in effect, what Mr. FRAME himself proposes when he contends that the banks cannot be entrusted with the responsibility of issuing their credit notes. Mr. FRAME proposes a central bank with the right of issuing circulation, subject to a five per cent. tax. As this circulation would be issued largely against commercial paper, it is difficult to see what better judges of its value could be found than the bankers in the respective communities where the paper originates. It is safe to assert that Mr. FRAME would be a better judge of paper offered by his own depositors than the shrewdest banker that could be found in Chicago or New York. In fact, one of the objections to a central bank lies in the fact that in a country like this it would be practically impossible for a central bank to pass upon the paper offered it in exchange for its notes, and thus many of the solvent borrowers of the country would be denied accommodation by the central institution, although it would be readily granted had the local banks the power to employ their credit in issuing notes.

The splendid growth of American banking has been due in no small degree to that spirit of self-reliance fostered by our laws. Already the banks have been taught to lean too heavily on the Treasury for aid, and their attitude of self-sufficiency should not be further weakened.

The more our present day banking, commercial and industrial situation is studied, the stronger will the reasons appear why the issue of bank notes should never be placed in the hands of a central bank. Furthermore, there is grave danger that such an institution, however organized, would fall into the hands of a selfish clique who would use the great powers of the bank, as they now use other banks, for their own aggrandizement. That is something, we are sure, which Mr. FRAME, in common with every patriotic American, will do his utmost to prevent.

THE temporary "success" achieved by the late CASSIE CHADWICK in obtaining large sums of money from banks upon the security of phantom collaterals recalls the observation of Josh Billings, that "Mankind luv to be cheated, but they want to have it dun bi an artist." Her career might have continued unchecked for a time longer had she been content with smaller sums; but her financial requirements became so heavy as to break the bank through which her operations were carried on, and the consequent demands upon her for payment of loans precipitated the catastrophe. Last month this accomplished feminine financier whose exploits dazzled the monetary world for a considerable period died in the Ohio penitentiary.

One can hardly help moralizing on a case like this. It seems a pity that the ability necessary to carry on these gigantic swindles for so long a time should not have been put to better use. The world is so much in need of constructive talent of a high order that it can ill afford to have it diverted, when found, to base purposes. Had MRS. CHADWICK and Mme. HUMBERT, her Paris prototype, devoted themselves to the accumulation of wealth in the ways usually accounted legitimate, they might have lived to become great philanthropists. But they chose a different course, and put their really great abilities to a bad use, and with results which even they were not smart enough to foresee.

COMPLAINT has become frequent of late that American labor is becoming less efficient than it formerly was, the "Iron Age" recently repeating this complaint in the following words: "The gravest evil from which this country is now suffering, graver by far than the exaggerated dangers from monopolies or from freight rebates, is the decline in the efficiency of labor." If this view is borne out by observations and statistics, it will be well to see where the difficulty lies and to apply corrective measures with as little delay as possible.

The pressing competition for labor has made it an easy matter for anybody to get work whether thoroughly competent or not. This has tended to make labor independent and to some extent indifferent; for, if work was lacking at one establishment, it could be had at another. But the demand for labor already gives signs of falling off, and those who are now employed will find it more difficult to retain their jobs. They will, therefore, find it necessary to look carefully to their duties, and to give the best service possible.

If American labor is really declining in efficiency, it will prove to be a matter of serious concern not only to domestic enterprises, but will tend to restrict our ability to compete in the world's markets. Heretofore we have been rather boastful of the superiority of our workers, and undoubtedly the industry and skill of American labor have been powerful factors in our prosperity. Of course, any lessening of the efficiency in labor will most seriously affect the laborers themselves, but it will also be felt by all invested capital.

TAINTED money—not the kind that is contributed to religious and philanthropic movements by the multi-millionaires, but that which acquires microbes and bacteria by circulating among the diseased or unwashed—is still a subject of much concern. The facility with which money passes through the hands of the average individual does not give the microbe much chance to get in its deadly work unless it moves with considerable celerity. To the few who hold on to their money long enough to give the germs time to get in their deadly work, clean money is especially desirable. On purely aesthetic grounds it would doubtless be welcome to the rapid spenders also.

We possibly can never be able to attain the degree of cleanliness possessed by Bank of England notes, which are of denominations tending to restrict their hand-to-hand circulation and are never reissued when once paid into the bank, but we can at least make a great improvement over the torn and dirty notes which are too often seen in circulation. Many of the banks already are doing much to keep the circulating medium free from this objection, but the task is a large one. Congress has been appealed to, but so far without effect. This is a kind of currency reform about whose desirability there is a substantial unanimity of opinion, and with the proper effort the necessary legislation could probably be had this winter.

THE CONCENTRATION OF CAPITAL IN NEW YORK, AND THOSE WHO MANAGE IT.

BY CHARLES A. CONANT.

THE City of New York has prospered greatly with the revival of industry at the beginning of the twentieth century, because she has become the center upon which have converged the surplus savings of a prosperous country. The concentration of important financial operations in New York is a natural sequence of consolidation in many lines of industry and in railway and banking control. Among the special influences which have contributed to this concentration are the rapid growth in banking resources and security issues, the large resources of the life insurance companies, the accumulation of reserve funds by railways and industrial companies, and the rapid increase in savings deposits. Through these instrumentalities the savings, which the people of the entire country are realizing from increased production and improved trade, are poured into the New York money market almost as promptly and directly as a current of oil through one of the Standard Oil Company's pipe-lines or a stream of water from a vast storage basin through mammoth supply pipes. The control of these vast sums, in the form of deposits and money for investment, has placed power in the hands of the men at the head of New York finance such as has seldom been possessed by the financiers of any country. It is not surprising that a power of such magnitude, so suddenly acquired, has led to over-speculation in some cases and the effort either to shave off large commissions or to get rich quickly by floating enterprises of doubtful value.

The banking resources which have accumulated in New York constitute about thirty per cent. of the total banking resources of the United States. Among the national banks those of the State of New York had resources in June, 1906, amounting to $1,862,099,695, or a little less than a quarter of the total national banking resources of the country, which were $7,784,228,113. A much larger proportion is concentrated in New York of banking resources of loan and trust companies and state banks, the latter being numerous and well organized under New York law. Of the trust companies reporting to the Comptroller of the Currency in 1906 the total resources were $2,959,230,534, of which New York showed $1,341,610,031, or not far short of one-half.

The total banking resources of the State of New York in 1890, including capital, surplus, undivided profits and deposits, were $1,632,-833,874, or $272.96 per capita, while those of the banks of the entire United States were $5,613,717,167—an average per capita of $89.85.

By the year 1900 the resources of the banks of New York had risen to $2,876,439,221, or $397.58 per capita, while those of the country as a whole were $9,146,017,917, or $118.42 per capita. By 1906, with the addition of some items not included in the previous figures of the Comptroller of the Currency, the resources of all the banks of New York had risen to $5,190,050,634, or $639.80 per capita, while those of the country had risen to $18,108,980,035, or at the rate of $214.69 per capita. Of the resources of New York institutions, national banks contributed $1,862,099,695; state banks, $539,907,308; trust companies, $1,341,610,031, and savings banks, $1,444,444,492.

Not only in gross banking resources, however, does New York prove her title to be the center of exchanges in the Western hemisphere, but pre-eminently in the concentration in her bank vaults of gold and other forms of cash. In cash of all kinds the banks of the State of New York held about June 30, 1906, $351,698,485, out of total cash holdings throughout the Union of $1,010,786,354; but in the essential element of gold, the money of ultimate redemption, New York fell not far short of holding half of the resources of all the banks of the country, her proportion of gold being $216,061,884 out of holdings for the banks of the entire country amounting to $486,682,045.

By means of these concentrated banking resources it became possible to deal with the mass of new securities which grew out of the organization of new industries and the consolidation of old ones. One of the best indications of the demand for capital arising from these sources is afforded by the issues of new securities for railway and industrial purposes, most of which were listed on the New York Stock Exchange. Such issues, as ascertained by the "New York Journal of Commerce," exceeded for several years a thousand millions of dollars. The amount reported for 1906 was $762,439,350 in stocks and $874,574,000 in bonds, making total issues in 1906 $1,637,013,350. As a natural result of this creation of new securities, the proportion of the property of the country in this form has increased in recent years in comparison with other forms of wealth.

The total wealth of the country was estimated by the Census Bureau in 1904 at $107,104,192,410, of which nearly one-fourth was in negotiable securities. The par value of such securities in the United States in 1905 was $34,514,351,382, which was made up of $21,023,392,955 in stocks and $13,490,958,427 in outstanding bonds. Of the total, however, the sum of $10,120,418,699 represented corporate securities held by corporations, so that the net amount of wealth represented by outstanding stocks and bonds would stand at about $24,000,000,000. Included in this total were Government issues to the amount of about $3,250,000,000, representing only in part productive works, but the remaining amount of more than $20,000,000,000 was invested in the mechanism of production, transportation and exchange, which contribute to the marvelous efficiency of the American economic system.

Upon these securities dividends were disbursed in 1905, so far as could be ascertained, amounting to $840,018,022, and interest was paid on bonds amounting to $636,287,621, making total disbursements for dividends and interest $1,476,305,643. Probably not less than two-thirds of this amount was disbursed through New York banks. While a portion went into corporation treasuries and represented, therefore, a duplication of the same income (just as the security holdings by corporations represent a duplication of the same principal), and other large amounts were applied to consumptive uses by those who depended upon interest and dividends for their income, yet out of the total several hundred millions were undoubtedly applied to the purchase of new securities, and thereby swelled the investment fund pouring into the New York market.

The United States stand at the head of all other countries in the amount of negotiable securities outstanding. Even Great Britain, with her large investments abroad and corresponding holdings of foreign securities, is estimated to have only $26,400,000,000 in securities, while France has only about $19,500,000,000. Both of these countries, however, surpass the United States in per capita corporate wealth, Great Britain showing $616.97, France $500.49 and the United States $414.54. The whole of Europe, so far as the facts can be ascertained, has negotiable securities outstanding to the amount of about $75,000,000,000. That the fund of saved capital in this form amounts in the United States to about forty per cent. of the savings of many years in Great Britain and all the countries of the European Continent is a striking indication of the rapidity with which capital has accumulated in America and of the great resources which it has placed at the command of American captains of finance.

Through the life insurance companies alone an immense sum is placed annually at the command of the money market. The three leading insurance companies of New York had an income from premiums in 1904 amounting to about $204,000,000, which exceeded disbursements by nearly $50,000,000. This fund of about $1,000,000 per week had to be regularly invested in good stocks, bonds and mortgages—principally in bonds. It is not surprising that the boards of directors of these companies acquired a power which made places on them eagerly sought and made them a constant factor in the money market. It is not surprising, perhaps, that when this investment fund was curtailed by hostile legislation and public distrust, the bond market became dull and distress appeared in the money market. These insurance companies, moreover, kept large deposits of cash to meet demands and dealt extensively in foreign exchange as the result of their eager competition for business in Europe and at the ends of the earth. It was natural that this large banking business should lead some of them to create banks and trust companies of their own, of which they held the stock, in order to turn into their own coffers the profits of their current transactions.

Concentration of Banking Power.

With the concentration of capital in New York, which marked the close of the nineteenth and the beginning of the twentieth century, has inevitably come concentration of banking power. Banks of small capital and limited resources were incompetent to cope with the financial problems presented by the merger of institutions like the steel companies and the tobacco companies, or to command the resources abroad which were occasionally employed to meet unusual demands upon the New York money market. With the increased concentration of banking resources came also concentration of power in a new group of men, who controlled these resources and brought into the circuit of their influence other institutions dealing in large amounts of money, like the railways and the insurance companies.

An evidence that the generation which followed the Civil War had completed its work was afforded by the passing away of its leaders. August Belmont, Sr., chairman of the Democratic National Committee, as well as financier, died on November 24, 1890. Two years later passed away, on December 2, 1892, Jay Gould, the great organizer of corners and spectacular market moves, who belonged really to the generation of the war rather than that which came after it. William H. Vanderbilt had already died on December 8, 1885, his death bringing to an end the stock market boom of that year. Another figure long known in the market, Russell Sage, shrewd reader of men and wizard of money, lingered much longer on the stage, active to the last. Mr. Sage died on July 22, 1906, and his great fortune was distributed in many important new foundations and other benefactions by his widow. A later figure, which also played a prominent part in public affairs, was that of Governor Roswell P. Flower, several times member of Congress, Governor of the State, and often mentioned for a place in the Cabinet. Governor Flower died on May 12, 1899, at a time when his active intervention in the stock market had raised the price of his securities to a high point, and his death was followed by a collapse which wiped out the paper profits of some of his friends. Cornelius Vanderbilt, who had succeeded William H. as the financial head of the family, died on September 12, 1899.

Conspicuous among the younger group of men who came to be the arbiters of nearly everything financial in New York at the beginning of the twentieth century were J. Pierpont Morgan, William C. Whitney, Thomas F. Ryan, James Stillman, E. H. Harriman, the sons of Jay Gould, Henry H. Rogers, and the Rockefellers. The pre-eminence of Mr. Morgan dated back further into the nineteenth century than that of some of his associates. Born and brought up with the most scholarly tastes and love of the beautiful, Mr. Morgan nevertheless entered a banking-house in youth and bent his energy in middle life to the consummation of some of the greatest financial enterprises of the time.

Mr. Morgan's first appearance in a conspicuous manner was characteristic of his character as one who always sought to build up values rather than to pull them down. At a time when the New York Central and the Pennsylvania were competing against each other, in 1885, until New York Central dividends had been reduced from eight per cent. to two per cent., and the West Shore line was cutting rates recklessly, Mr. Morgan called upon George B. Roberts, president of the Pennsylvania Railway. He unfolded a plan by which the warring lines might come to an agreement and the West Shore should be absorbed by the New York Central. The plan was accepted, the West Shore was leased to the New York Central from January 1, 1886, and the latter never afterwards ceased to pay a respectable dividend. Mr. Morgan again showed his capacity as a peacemaker when he called a meeting of prominent railway presidents at his house in January. 1889, to form "The Gentlemen's Agreement" for maintaining published rates. This agreement remained in force for many years and relieved the railway situation of many uncertainties.

Mr. Morgan rescued the Government from specie suspension by the syndicate contract to control exchange in the spring of 1895. This achievement alone made him one of the most conspicuous men of his time, as well as one of the most abused by noisy demagogues and jealous rivals. Other important banking operations were crowned, however, by the creation of the United States Steel Corporation, the largest corporation in the world, formed from fourteen large steel companies, controlling about sixty per cent. of the great output of steel in the United States, and having capital liabilities of more than $1,325,000,000. Probably no corporation ever formed had so many shareholders or became a subject of such general interest among small investors. Mr. Morgan suffered somewhat in prestige when the stock market break of 1903 carried Steel common stock down from 40 to 10 and preferred from 89¾ to 49¾. But the early suspension of dividends on common stock contributed to the accumulation of the great surplus planned to meet just such emergencies in the future, and with the resumption of business activity in 1904 the foresight and conservatism of the great financier were in a large measure vindicated. With this achievement Mr. Morgan rested to some extent upon his laurels, devoting himself to obtaining for American art galleries some of the most precious work of the old masters and accumulating in his magnificent library in the heart of the city some of the rarest and choicest examples of the bookmakers' art, from the illuminated handwork of early times down to the invention of printing and the most perfect examples of modern binding.

Mr. William C. Whitney won his first laurels in the field of politics. As a friend of Samuel J. Tilden, he had a share in breaking up the Tweed ring. As a friend of Grover Cleveland, he became Secretary of the Navy and had much to do with laying the foundations of that great arm of the service which now counts more battleships and cruisers than there are states of the Union. When Mr. Whitney came back to New York in 1889 it was realized that he would be a power in the world of finance. He at once took hold of the traction problem and began the organization of the great system which was to replace the confused network of independent lines, with which New Yorkers were then served. Without some such guiding hand as his, the transportation service must utterly have broken down with the increase of population. So rapid has been this increase, from immigration as well as births, that probably not fifty per cent. of the existing inhabitants of New York recall the time when through competing and independent lines there were neither free transfers nor continuous transportation for any considerable distance, when horses were only gradually giving way to cable and electric power, and a line on Broadway was secured only in the face of tremendous opposition. It was out of this chaos that Mr. Whitney created the Metropolitan Street Railway system, with transfers generously given at every connecting point where the efficiency of the service permitted and with continuous runs for a single fare longer probably than are accorded in any city of the world. Mr. Whitney was active also in the organization of new banks and their gradual consolidation into institutions capable of competing successfully with their rivals.

Associated with Mr. Whitney in most of these ventures was another man, who usually preferred silence to loquacity and quiet self-effacement to publicity. But when in June, 1905, this man suddenly rescued the financial situation from disaster by the purchase for $2,500,000 of a controlling interest in the stock of the Equitable Life Assurance Society, the figure of Thomas F. Ryan loomed large upon the national horizon. Men in New York familiar with Wall Street already knew that Mr. Ryan wielded a power and had constructive genius similar to those which Commodore Vanderbilt or Mr. Whitney wielded while living and which Mr. Morgan had demonstrated in the formation of the Steel Corporation. To the general public, however, the fact that these great names had a competitor in the person of a retiring, silent man from Virginia was comparatively unknown. Coming from the South, Mr. Ryan was naturally a Democrat and wielded a forceful influence upon the destinies of his party. When the National Convention of 1904 was on the point of breaking into revolt against the gold telegram of Judge Parker, it was Mr. Ryan, as a delegate from Virginia, who quietly drew one leader after another into conference and brought him to the conviction that there was no hope for the party except in cordial acceptance of Judge Parker's position.

To no man in the financial world perhaps can be attributed more important constructive work than to Mr. Ryan. The further development of the traction system after the death of Mr. Whitney, until the surface lines were merged in 1906 into a unit with the subway and the elevated system, was one of his works. Greatest of all, perhaps, was the gradual weaving into a compact body of the scattered tobacco interests of the country until the American Tobacco Company came to control eighty or ninety per cent. of the business of the United States and was able to dictate terms in regard to the trade of the world to the Tobacco Trust of Great Britain. The work of consolidating into the American Tobacco Company several large companies previously organized, which was accomplished in the autumn of 1904, involved the exchange of securities to the amount of over $600,000,000—the largest transaction of the kind in financial history. Already in the autumn of 1903, when Mr. Ryan, having acquired control of several national banks, united them with the National Bank of Commerce with a capital of $25,000,000 and a surplus of $10,000,000, it was pointed out that the interests represented had resources of more than a thousand millions of dollars. Within the sphere of influence of Mr. Ryan and his immediate associates were gathered the reserves and surplus of the Mutual Life, the Equitable Life and the Washington Life, having admitted assets of more than $800,000,000; the deposits of the National Bank of Commerce, amounting to nearly $200,000,000; and the resources of the Morton Trust Company, the Guaranty Trust Company, the Mercantile Trust Company and the Equitable Trust Company, amounting to about $200,000,000—a total of $1,200,000,000, or more than the ransom which France paid to Germany for the liberation of her territory in 1870, or Japan sought to exact from the helplessness of Russia in 1905.

At the head of another financial group of great power stood another man of eloquent silences—James Stillman, president of the National City Bank. Descended from an old English family, he showed early in his career the quiet reserve power, the ability to listen to what others said and then with unerring judgment to sift the wheat from the chaff, which mark most of the men who have become powerful in finance. When the City Bank increased its capital first to $10,000,000 and then in 1902 to $25,000,000, there were many who believed that it was Mr. Stillman's ambition to create the dominating banking institution of the country. This belief was not impaired by the prominent part which was taken by the bank in the flotation of Amalgamated Copper, with its capital stock of $155,000,000—which brought the bank into even closer relations than before with another silent man of action, Henry H. Rogers—nor by the enlistment of the services as vice-president of Frank A. Vanderlip, who had made a remarkable record as Assistant Secretary of the Treasury with Secretary Gage. Gradually within the circle of influence of the National City Bank was brought a powerful group of banks, trust companies and industrial corporations representing many hundreds of millions of dollars, of which not the least was Standard Oil, with a capital issued at $100,000,000, but worth in the market over $500,000,000.

A name scarcely known in the financial world prior to 1898 suddenly became the most talked of in American finance when the directors of the Union Pacific Railway, in August, 1906, announced a dividend at the rate of ten per cent. on the common stock—six per cent. from earnings on operations and four per cent. from investments. Startling and somewhat disturbing as the announcement was from a stock market point of view, it told in eloquent figures the result of ten years of silent, systematic labor. For thirty years up to 1896 the Union Pacific had dragged along under varying fortunes, weighted by a heavy debt to the Government, until finally it went into the hands of a receiver. The competition of the Southern Pacific had been one of the causes of this decline, and to bring this to an end a controlling interest in Southern Pacific was acquired and put into the treasury of Union Pacific. Then came the wonderful physical development of both roads, which discarded outworn rails, equipment, bridges and even terminals and parts of the roadbed, and raised them to the efficiency of modern tools of transportation. Gross earnings of Union Pacific leaped from $19,811,641 in 1899 to $59,324,948 in 1905, and net earnings—in the face of greatly increased charges, bravely assumed to obtain new capital—increased from $9,388,208 to $33,958,993.

It is not surprising that achievements like these brought Mr. Edward H. Harriman into the circle of the half-dozen group of capitalists who, with the aid of foreign and home bankers, shape the policy of the great railway systems of the country. Six of the railroad groups, according to the calculations of Mr. Sereno S. Pratt in "The Work of Wall Street," represented in 1903 $6,766,000,000—or about one-half the railway capitalization of the United States. The Vanderbilt group, representing the New York Central and its connecting lines, stood for $1,157,000,000; the Pennsylvania group, under the far-sighted leadership of Mr. A. J. Cassatt, $1,341,000,000; the Gould group, $810,000,000; the Morgan-Hill group, controlling the Northern Pacific and other roads which were pooled in the Northern Securities Company, $1,398,000,000; the Morgan group proper, including the Reading and Southern, $1,014,000,000; and the Harriman group, which raised to a dominant position the Union Pacific, $1,046,000,000.

It has been a logical necessity that the financing of such great enterprises should come to New York. In the early days of the country, when railway and industrial enterprises were local in character, the capital for them was often found in the locality where their greatest benefits were to be derived. But when enterprises became national and international in their scope, it was inevitable that they should look to the fund of free capital of the entire country for their support, and that such capital should flow to a common market, where it could be quickly massed to perform the duty of the moment—to provide resources for a new enterprise, to take up a new issue of securities, or to meet some unexpected storm. It was natural also that such demands should develop a special type of men trained to deal with them—the masters of finance, upon whose decision depends the creation of new enterprises which promise benefits to the community, the abandonment or reorganization of old enterprises, whose benefits have ceased or have been surpassed by more modern and efficient machinery.

TRUST COMPANIES

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

THE DUTIES AND LIABILITIES OF TRUST COMPANIES ACTING IN VARIOUS CAPACITIES (CONTINUED).

EXECUTOR OR ADMINISTRATOR.

THE duties and liabilities of a trust company as the executor or the administrator of an estate do not differ in any wise from those of an individual acting in like capacity, and are quite definitely fixed by law. The employment of the trust company for such services is steadily increasing, and will increase more rapidly as the public becomes educated to the very superior qualifications of the trust company for this work.

An executor is a person or corporation appointed by the will of a decedent to carry out the provisions of such will; and his duties are in general to secure and preserve the assets of the decedent, to protect and pay creditors and to distribute the balance of the property as the will provides or the law dictates. The office is a sacred one, the executor standing as the representative of the deceased and the agent of the living—the creditors and the heirs. There is a personal element in the office which even a corporation cannot and ought not to overlook.

Appointments of trust companies as executors come most often from among those who have during their lives been customers in one or more of the departments, though others often make such appointments. The services of the company's attorney are usually offered without charge for the drawing of wills in which the company is named as executor, and the company takes charge of such wills also without charge. Upon the death of the testator, the first step is the probating of the will. The court appointed by law to receive wills and have jurisdiction over the estates of the deceased is known in various states as the Probate Court, the Surrogate's Court and the Orphan's Court. After the probating of the will, the executor named therein qualifies before the court according to the state laws, and receives from the court letters testamentary, au-

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thorizing him to proceed with his duties. Then follow the gathering together of the assets, the filing of an inventory, the advertising for claims against the estate. The allowances of the widow or widower and the minor children, if any, are set aside; and if the estate is solvent, and funds are in hand, the preferred claims, such as expenses incurred during the decedent's last illness, funeral expenses, taxes, etc., are paid. The claims of other creditors are examined, and those which are allowed may be paid at once or deferred as circumstances dictate; but the executor is of course not protected in paying them unless the estate is evidently solvent. If the estate appears insolvent, the fact is reported to the court, and notice of the probable insolvency is published. A part at least of the personal property is usually to be converted into cash as soon as expedient. Real property may not ordinarily be sold unless the will expressly so provides or such sale is necessary to pay debts; and in the latter case an order of court is obtained. The executor renders statements to the court as circumstances or the law may require. When his work is practically complete with the exception of the final distribution of the property, a statement is rendered and an order from the court is obtained for the distribution of the balance in the hands of the executor. The latter then makes the distribution, files a final account and is discharged.

The procedure is practically the same in all the states, the differences being chiefly in matters of detail. Sometimes the trust company is one of two or more co-executors, the family lawyer often acting with the company. In such case the trust company usually keeps the accounts and is custodian of the securities, the duties of the other co-executors being chiefly advisory. The trust officer in charge of this work should be well versed in the law of administration, and often special legal advice is needed. Careful judgment is called for in many cases, and the skill of experienced trust companies has often saved large amounts for estates that were threatened with insolvency. Often where debts are pressing the company may make temporary advances of money, thus preserving the property. The passing upon claims is a task requiring judgment and a knowledge of the law. Care should be taken not to pay claims barred by the statute of limitations. All records and reports should be full and accurate and one point of the trust company's superiority for such work lies in its ability to attend to these matters with skill and care. Getting possession of the assets is sometimes a matter requiring tact and industry.

The duties of the administrator are very similar to those of the executor. The executor is appointed by the testator and his duties are usually detailed in the will. The administrator's appointment comes from the court, and his duties are detailed in the laws of the state, except in the case of an administrator with the will annexed. As in the case of the executor, he is charged with the duty of gathering the assets, paying the debts and distributing the property. His distribution may be determined by the laws of descent instead of by the provisions of a will. The administrator is rarely charged with the sale of real property, and may not make such sale except on order of the court. An administrator is appointed when the deceased has made no will, or has made a will and appointed no executor, or when an executor has failed to qualify, refused to act, or died.

Trustee.

The trust company which is named as executor of a will is also often made trustee under the will; and in such case after its discharge as executor it continues the management of specified property in the capacity of trustee. Trusteeships under wills are also frequently received independently of executorships. The most common purposes leading to the creation of such trusteeships are the keeping all or part of the estate intact for the benefit of heirs and the endowment of some charitable or educational enterprise. The law limits the duration of trusts for the benefit of persons to the life of two persons in being and twenty-one years thereafter; but trusts for charitable purposes may be in perpetuity.

The duty of the trustee involves the entire management of the property entrusted to his care. The title is vested in him, and his first step is to obtain possession. He is held to diligence, intelligence and good faith in the exercise of his powers, and is responsible for failure to do things necessary to the good of the estate as well as for the doing of illegal or unauthorized acts. He must invest idle funds within a reasonable time and exercise care to make the income of the estate as large as is consistent with the entire safety of the principal. He is under obligation to examine the investments held by the estate when he assumes control, to see that they are safe and reasonably productive; and to dispose of any that appear unsafe or that are declining in value, as soon as may be expedient, but not so hastily as to cause loss thereby. He must, in short, do and refrain from doing things which a prudent man would do or refrain from doing with his own estate; save that he may not take the risks which even a prudent man might take with his own property, and he must follow to the letter any specific and lawful instructions contained in the will. In matters not covered by directions in the will, he is bound to know and to follow the provisions of the specific or general laws relating to his duties and limitations. The routine duties of the office ordinarily include the preservation and if possible the increase of the estate, the investment of funds, the collection and disbursement of income, and at the termination of the trust the final distribution of the estate according to the terms of the will.

Trusteeships under special agreement, taking effect during the grantor's life, may be undertaken for the same purposes for which testamentary trusts may be created—for any lawful purpose—and may be of the same duration. In case the trust becomes in force at once, the grantor may reserve the right to general oversight of the management of the property and the power to alter or revoke the trust instrument during his or her life, or the trust may be irrevocable. Trusts of this kind are created to establish a fund for charitable purposes, to provide for support of incompetent individuals or of individuals who do not wish to manage their own business affairs. Sometimes the trust is created by the grantor for his own benefit, to avoid care and responsibility. The variety of trusts of this character is increasing as the adaptability of the trust company to their handling becomes better understood. A plan that is growing in favor is that of appointing a trust company as trustee of the proceeds of life insurance policies. By this means the insured is enabled to direct the disposition of such funds after his death as he wishes, and at the same time place the funds in the hands of a company amply able to manage them in a business-like manner. The company collects and invests the proceeds of the policy or policies, and pays to the beneficiaries the income; or if the amount is not sufficient to provide the income needed for support of the beneficiaries, arrangement may be made for the payment of an annuity for a certain number of years, using the income and gradually reducing the principal. In order to keep the remaining part of the fund always invested, the trust may be given participation in a mortgage or group of mortgages. In the creation of such a trust, the trust company is named in the policy as beneficiary in trust for whomsoever the grantor may wish, and at the same time there is executed a deed of trust vesting title in the trustee and directing the use of the funds.

Another form of trust made possible by the development of the trust company is the accumulation of a fund for the purchase or building or maintenance of a home for the wife or children or other beneficiaries of the donor.

In a similar way, churches and educational or charitable institutions may choose a trust company as trustee for the accumulation and investment of an endowment or building fund, thereby being relieved of the care of the moneys and being assured of speedy and safe investment thereof. The trust company is able to invest the funds in small and odd amounts, interest included, by means of participations in mortgages or other securities.

The instrument creating a trusteeship by agreement specifies in detail the duties of the trustee, which may be much the same as those of a testamentary trustee.

Guardian, Conservator, Etc.

As guardian of the estates of minors, or conservator, committee or curator of the estates of the incompetent, the duties are similar to those of testamentary trustee, though in many states the provisions of law, especially as to investments, are more stringent. In general, the guardian or conservator is obligated to preserve the property, to keep it on a safe income-producing basis, to use the income discreetly for the benefit of the ward, and at the termination of the trust to turn over the balance on hand. The guardianship of a minor is terminated when the ward becomes of age; that of a person of unsound mind terminates at death, or may be terminated if the ward regains his reason. The duties require an intimate knowledge of the needs of the ward as to living expenses, education, etc. Guardianship by trust companies is in most states limited to the estate, but in a few states may be either of the person or of the estate or of both. When of the person, the duties involve close personal supervision of the ward, as in the case of an individual acting as guardian. The guardian or conservator is under the jurisdiction of the court, and as in the case of the testamentary trustee makes frequent statements to the court.

The Investment of Trust Funds.

The investment of the funds held in trust in various fiduciary capacities is a matter requiring intelligent judgment. In most states the laws on the subject are quite fully developed both as to the investments authorized and those forbidden, and the first duty of the trust company undertaking such work is to thoroughly inform itself as to the laws of the state or states which govern in the case of each of its trusts. The executor and the administrator are not, as a rule, called upon to invest funds, their duties being rather to convert personal property into cash. Yet there are instances in which the court may authorize them to invest idle funds. On the other hand, trustees, guardians and conservators often find the investment of funds one of their principal duties.

The general principles governing such investments are well established. The fiduciary is plainly under the duty of making the estate produce an income, of keeping the funds invested and not allowing them to remain for an unreasonable length of time merely on deposit, even if drawing interest. Yet the security of the principal must be the first consideration, and the amount of income second. In most states the fiduciary may not take risks in the matter of investments that even a prudent man might take with his own money. Unless specific authority is given in the instrument creating the trust, the funds may not be invested in personal securities, in manufacturing concerns, in trade or business, or in speculation. Investments may not be made in unimproved real estate so as to tie up the funds for long periods. Any specific instructions as to investments in the will or other instrument creating the trust must be followed. The fiduciary may not derive profit from the investment of the trust funds.

In many states the classes of investments permitted are specified by the laws; and in such states the laws must of course be strictly followed. In some states only general principles are laid down, while in several the matter is left to the discretion of the trustee. But in any case the investments are subject to the approval of the court; and the trustee may be compelled to make good the loss and pay interest if investments have been made which the court cannot approve. In determining what securities the court will approve, where the classes of investments are not specified in the laws, the fiduciary may often be guided by the classes of investments permitted for savings banks. It sometimes happens that classes of investments are specified for guardians, but not for trustees; in which case the latter may be guided by the rules laid down for the former. It is usually possible, and in the case of guardians often obligatory, to obtain an order of court authorizing certain investments. The most common forms of investments authorized are United States, state and city bonds and first mortgages on productive real estate, and where there is doubt these may be relied upon. The field is gradually widening, however, and some states specifically authorize other forms of investments, including loans on collateral, land, bank stocks and railroad bonds and stocks.

A fundamental principle is that investments of trust funds must not be mingled with the assets of the company, and the investments belonging to each trust must be kept separate, so that the owner may be readily identified. The fiduciary is, of course, responsible for the safe-keeping of the securities. It is common to allow access to trust securities only to two officers of the company jointly, and removal of such securities from the vault only upon written requisition duly signed.

The troublesome problem of the investment of odd amounts and of amounts too small to permit of the purchase of a bond or a mortgage is being solved satisfactorily by giving the estate a participation in a mortgage or in a group of securities. By this means any amount that an estate may have in hand may be made to produce an income without great delay.

When securities are purchased at a premium over their face value, the interesting question arises whether the present beneficiary is entitled to the full income, or whether a portion of the income must be reserved as a sinking fund, so that at maturity of the security the principal will be intact. The question is of great importance where there is a life tenant to whom the income is to be paid, the principal at the death of the life tenant to go to another party. The question is sometimes settled in advance by the provisions of the instrument under which the fiduciary acts; but when it is not so settled, the safer plan is to withhold enough of the income to keep the principal intact.

(To be continued.)

HIGH AND LOW FINANCING.

REFLECTIONS of a Bachelor in New York "Press": "Financing is not going to jail when you would if it was only petit larceny."

BANKING AND COMMERCIAL LAW

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

BANKS—DEPOSITORS—PAYMENT OF CHECKS—LIABILITY TO DEPOSITORS.

FRICANO VS. COLUMBIA NATIONAL BANK OF BUFFALO.

Supreme Court of New York, Appellate Division, Fourth Department, March 6, 1907.

Ordinarily, the relation of banker and depositor is that of creditor and debtor, and where a bank pays a deposit to the son of the person in whose name it was made, it is liable to the father for the amount, unless the latter held out his son, or permitted him to act, in such manner as to justify the bank in paying checks drawn by the son in the father's name.

KRUSE, *J.:* While the jury were well warranted in finding a verdict of no cause of action in this case, we think the rule of law by which the jury were instructed to determine the defendant's liability was incorrect. The controversy was over the right of the plaintiff's son to draw against the moneys deposited in the plaintiff's name, and to charge the same against that account. It was claimed by the defendant that, although the deposit was made in the name of the plaintiff when the account was opened, the moneys were actually deposited and the business done with the son, who afterwards drew the checks in the name of his father, and that the son actually presented with the deposit the identification card bearing the name which the son afterwards used in drawing the checks upon the bank, and which the bank honored and paid; that even if the money belonged to the father, and even if the father was present when the deposit was made by the son, the father, by permitting the son to do what he did, although he assumed to and did use the name of the father, may not now question, as against the bank, the right of the son to receive payment of the moneys so deposited. The plaintiff contends that, while the son was with him when the account was opened, he himself made the deposit, wrote his own name upon the identification card, and that neither he nor his son were guilty of any imposition or fraud upon the bank, nor was the conduct of either such as to mislead the bank officers.

While the evidence was entirely sufficient to sustain the defendant's contention in that regard, we think the trial court inadvertently misstated the rule of law applicable to the case. The court charged the jury that the defendant was bound to use that degree of care which an ordinarily prudent banker would have used under the same circumstances to protect the true owner of the account in question from loss, and to safely keep and pay over the same on demand. That if the plaintiff did write his name on the signature card at the time of opening the account, and the cashier failed to exercise that degree of care which an ordinarily prudent cashier of a bank would have exercised under the same circumstances to ascertain the identity of the actual author of the signature, and, in consequence of that failure, the plaintiff has lost anything, the verdict should be for the plaintiff for the amount of the loss. He also charged, in substance, that if the plaintiff in fact did own the moneys, and did write his name on the identification card, and if the defendant's cashier exercised such care as has been stated to ascertain and identify the actual owner of the money and the true author of the signature, and by the exercise of such care and prudence was unable to ascertain that the plaintiff was such owner and author, and if the son procured the signature of the plaintiff on the signature card and delivered it to the cashier and represented that it was the genuine signature, and the cashier was ignorant of the matter, and in the exercise of due care believed and relied on the statements and representations, and if for these reasons the defendant's officers were without knowledge or information as to the true owner of the account and the real author of the signature until after the account was closed, and if during the time the accounts stood open on the defendant's books its officers and employees exercised the degree of care which they were bound to use to protect the plaintiff from loss, and finally paid it over on a check signed by the son Frank in the belief that he was the true owner, then your verdict must be for the defendant of no cause of action.

The defendant excepted to the part of the charge in which the duty of the bank to the depositor is measured by reasonable care. We think the exception was well taken. The liability of the bank to its depositors does not depend alone upon the exercise of reasonable care by the bank to ascertain the identity of the depositor. Nor is its obligation to keep or repay the fund that of reasonable care alone. Very likely what the learned trial judge had in mind was the rule applicable to savings banks, where usually rules of that character govern.

Ordinarily, however, the relation of banker and depositor is that of debtor and creditor; as soon as the deposit is received it becomes the money of the bank, and the bank a debtor to the depositor for that amount. It is in no sense a trustee, and the rule of reasonable care has no application in respect to moneys so received by the bank. It is bound absolutely to pay or discharge the liability like any other obligation it owes.

We do not hold that the plaintiff may not have held out his son or permitted his son to act in such a manner as to warrant the cashier in relying thereon, and entirely justify the bank in paying the checks drawn by the son in the name of the father. The rule is well settled that an owner of property may hold out another, or allow such other person to appear, as the owner thereof in such a way that innocent third parties dealing with the apparent owner will be protected, on the familiar principle that when two innocent persons must suffer by the act of a third he who has enabled such third person to occasion the loss must bear it. This element, however, was not embodied in the charge. Carefulness or good faith alone upon the part of the cashier, without submitting the conduct of the plaintiff in connection therewith, was insufficient to warrant the bank in paying the son, so as to exonerate itself from liability against the claim of the father.

We conclude, therefore, that the judgment and order should be reversed, and a new trial granted, with costs to the appellant to abide the event. All concur.

BANKS AND BANKING—NATIONAL BANKS—RIGHT TO REGULATE—STATE STATUTE.

MERCHANTS' NATIONAL BANK OF LAFAYETTE, IND., ET AL., VS. FORD, ET AL.

Court of Appeals of Kentucky, January 23, 1907.

A State statute that places on the same footing as foreign bills of exchange, notes made payable and negotiable at banks, organized in the State, under the State or Federal laws, and indorsed to, or discounted by, any such bank, is held to violate no rights secured to national banks by acts of Congress, since such banks are subject to the control of the State in which they are situated, in respect to the construction of contracts, the transfer of property, or the creation of debts and liability to suit. This statute was in force before the Negotiable Instruments Law was enacted.

Hobson, *J.:* On January 5, J. Crouch & Son sold to W. P. Ford a Norman Coach stallion for $1800 to be paid in three instalments of $600 each, for which Ford executed notes payable at the Citizens' Bank at New Liberty, Ky. The first note fell due on October 1, 1904. In September, 1904, Crouch & Son assigned the first note to the Merchants' National Bank of. Lafayette, Ind. Ford declined to pay the note when due, and the bank brought this suit against him. . . . .

The contract was made before the present Negotiable Instruments Act was passed, and is governed by the law in force at the time the contract was made. Section 483, Ky. St. 1903, is in these words: "Promissory notes payable to any person or to a corporation, and payable and negotiable at any bank incorporated under any law of this commonwealth or organized in this commonwealth under any law of the United States, which shall be endorsed to, and discounted by, the bank at which the same is payable, or by any other of the banks in this commonwealth, as above specified, shall be, and they are hereby, placed on the same footing as foreign bills of exchange." The note was payable at an incorporated bank in this State. It was discounted by a national bank in Indiana, and not by a bank in this State. It is insisted that national banks are all on an equality, and that they are entitled to all the privileges of the most favored banks organized under the laws of the State. If the note had been discounted by an incorporated bank in this State it would, under the statute, have been put on the footing of a bill of exchange, and it is insisted that, in so far as the statute denies this privilege to a national bank in another State, it is in conflict with the Federal statute.

Article 4, Section 2, of the United States Constitution, provides that the citizens of each State shall be entitled to all the privileges and immunities of citizens of the several States. But corporations are not citizens within the meaning of this provision. (Paul vs. Virginia, 8 Wall. 168, 19 L. Ed. 357.) Section 1 of the fourteenth amendment provides that no State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States, but a corporation is not a citizen within the meaning of this provision. (Orient Insurance Company vs. Daggs, 172 U. S. 557, 19 Sup. Ct. 281, 43 L. Ed. 552.) This section also provides that no State shall deny to any person within its jurisdiction the equal protection of its laws, but this provision relates only to persons within its jurisdiction. A foreign corporation which is not subject to process issuing from the courts of the State is not within its jurisdiction. (Blake vs. McClung, 172 U. S. 239, 19 Sup. Ct. 165, 43 L. Ed. 432.) As regards the construction of contracts, the transfer of property, the collection of debts, and the liability to suit, national banks are subject to the control of the State where they are situated. (First National Bank vs. Kentucky, 76 U. S. 353, 19 L. Ed. 701.) A non-resident corporation cannot demand rights which are accorded not to the citizens of the State, but only to incorporated banks resident in the State.

Section 478, Ky. St. 1903, violates no rights secured to national banks by the acts of Congress. It defines what shall be considered commercial paper in the State. All persons who deal in notes executed in this State, no matter where they reside, take them subject to the laws of the State. The purpose of the statute is that paper discounted as provided by it shall pass from hand to hand, and thus augment the volume of circulating medium in the State. The indorsers are liable to subsequent holders, and the purpose of the statute would be entirely defeated if an indorsement to a non-resident of the State, who could not be reached in the courts of this State, was held to be sufficient under it. The statute is not primarily for the benefit of the banks, but for the benefit of the people of the State. The State has the power to declare what paper may be assignable, and what defenses may be made against the paper in the hands of the assignee.

Judgment affirmed.

NOTE—EVIDENCE OF GAMBLING DEBT—ILLEGAL CONSIDERATION—NOTE IN RENEWAL OR IN PLACE OF IT—VALIDITY—NON-NEGOTIABLE NOTE—ASSIGNMENT—DEFENSES.

UNION COLLECTION CO. VS. BUCKMAN.

Supreme Court of California, January 3, 1907.

A note given solely to evidence a debt for money lost in gambling is *contra bonos mores* and unlawful under the law of California, and another note given in renewal or in place of such original is equally invalid.

All defenses available against the payee of a non-negotiable note are available against his assignee. A note founded on a gambling debt can be enforced only if negotiable in form and held by an innocent purchaser before maturity for value.

ANGELLOTTI, *J.:* This action was brought upon two certain instruments in writing, whereby defendant agreed to pay to one Reid, plaintiff's assignor, $410 and interest. Judgment went for defendant, and plaintiff appeals therefrom, and from an order denying its motion for a new trial.

Defendant in his answer admitted the execution of the instruments, but alleged that they were given without any consideration whatever, and solely for the purpose of evidencing an alleged indebtedness for money lost to one McMahon at a gambling game, for which alleged indebtedness he had given notes to McMahon, which had been transferred to Reid, and in part renewal of which he had executed the instruments in suit. He further alleged that Reid took and held the McMahon notes with full notice of the circumstances under which they were given, and that plaintiff here had the same notice.

The evidence sufficiently supports the conclusion of the trial court that the original notes were given to McMahon by defendant solely to evidence an alleged indebtedness for money lost by defendant to McMahon at a gambling game in a gambling house. At the outset, therefore, it may be stated that it is clear that, under the settled law of this State, the consideration for such notes was *contra bonos mores* and unlawful. It is also plain that any assignee of McMahon of said notes could occupy no better position in a suit on the same than McMahon himself. The notes being non-negotiable, any defense available against McMahon would have been available against any assignee or person claiming under McMahon. Such a contract on the part of the loser to pay the amount of his losses at a gambling game could only be enforced if negotiable in form, and then only by an innocent purchaser before maturity for value. It is also well settled that, even in the case of negotiable paper, where an action is brought by a subsequent holder, when it is shown that the same was obtained from the maker by fraud or duress, or that the consideration therefor was illegal, a prima facie case of notice to such holder is made out, and the burden of proving that he took without notice before maturity and for value is thrown upon him.

From what has been said it is plain that, the illegal consideration being made to appear, a recovery on the original notes could not have been had in an action brought by McMahon, or Reid, or Reid's undisclosed equitable owner, or this plaintiff, and that any action thereon would have been without any legal foundation whatever. The same thing is necessarily true as to any notes given solely in renewal or in place of such original notes. Merely repeating a promise based on an illegal consideration cannot give it validity. Plaintiff, however, relies upon the contention that the compromises of the prior proceedings brought against defendant constituted a sufficient legal consideration for the instruments in suit, and barred all inquiry here as to the nature of the original transaction between defendant and McMahon. It cannot, of course, be successfully disputed that the compromise of a doubtful claim, asserted and maintained in good faith, constitutes a sufficient consideration for a new promise, even though it may ultimately be found that the claimant could not have prevailed. This is true whether the claim be in suit or not, but the rule is specially applicable where legal proceedings to enforce the asserted claim have been commenced and are pending and the proceedings are discontinued in pursuance of such compromise. As to the effect of a compromise of a pending action, some general language of such nature has been used by some text-writers and courts as would, taken alone, warrant the contention of plaintiff that the compromise of the action in any case constitutes a sufficient consideration for a new promise and is a bar to all inquiry as to the merits of the original claim. (See Beach on Modern Law of Contracts, Sec. 177.) Such, undoubtedly, should ordinarily be the effect of a compromise agreement made in good faith of a claim honestly asserted, for it is the policy of the law to discourage litigation and allow the parties to settle their bona fide disputes amicably. An examination of the authorities, however, discloses the fact that it has generally been recognized that, to make a compromise of a claim, even though the same be in suit. sufficient to constitute a consideration for a new promise, the claim must not be wholly without foundation, and known to the claimant to be so.

An examination of the cases cited by Mr. Beach in support of the rule stated by him in section 177 of his Modern Law on Contracts shows that in many of those cases the courts were careful to state that there was no fraud or want of good faith on the part of the plaintiff in the prosecution of the original action which was compromised, while, in the other cases, the statement sustaining the literal text was purely obiter.

But whatever may be the law as to cases involving no question of illegality, it is very clear that the rule contended for by plaintiff as to the effect of a compromise of an action can have no application where the claim involved therein was wholly based upon an unlawful, as distinguished from a merely insufficient, consideration. There is no better settled rule of law than the one to the effect that the courts will not entertain any action in affirmance of an illegal contract. This universally acknowledged rule is not based upon any consideration for the party against whom the relief is sought and who will be benefited by the refusal of the court to grant the same, but upon considerations of sound public policy.

It is, therefore, settled that the failure of the party against whom such relief is sought to make objection upon the ground of illegality, or the waiver of such objection by him, or even his express consent that the court may enforce such illegal contract, will not justify a court in enforcing the same. The illegality appearing, the court will *sua sponte* withhold all relief.

It would seem to necessarily be the case under this well-settled rule that no action of the parties or their assignees can so validate an illegal contract as to justify a court in enforcing it, where its illegality appears. An attempted compromise of a claim based on such a contract, whether before or after institution of action thereon, would be simply an act of the parties, looking to the complete or partial ratification of the illegal contract, and which could in no way affect the power of the court to refuse to allow itself to be used as the instrument for its enforcement. We have been unable to find any case holding that a compromise of a claim based on such a contract is supported by a legal consideration, and will be enforced by the courts, and it appears to us that any such holding would be in defiance of the well-settled rule under discussion, and contrary to every consideration of public policy. It would furnish an easy method by which the parties to an illegal contract might, by their mere stipulation, validate the same, and make it compulsory upon the courts to thereafter enforce it, although its illegality was clearly made to appear. This cannot be the law. A court will not thus allow itself to be made, as has been said, "the handmaid of iniquity."

Under the rule which we hold applicable here, it would seem that the question as to whether Reid or the "undisclosed equitable owner," whom he testified that he represented, had actual notice of the circumstances under which the McMahon notes were given, was entirely immaterial in this controversy. Those notes, as already stated, were not negotiable, and the successors of McMahon took them subject to any objection that might be made to their validity. They stand here in the shoes of McMahon, and any answer to a claim based thereon that would have been available against him is available against them. This includes not only such defenses as might seasonably be urged by the maker of the notes, but also such objections to the enforcement of the claim on the ground of illegality as might appear to the courts when an attempt was made to enforce it. They took the notes with knowledge, conclusively imputed to them that, if they were ultimately found to be based upon an illegal consideration, there could be no recovery thereon, and that the maker of the notes could not by any agreement of ratification or compromise render them, or instruments given in place thereof, enforceable by the courts, when their illegality should be made to appear. The defense of want of notice of the illegality of a contract is available only where the contract is a negotiable instrument, in the hands of one who has acquired it for value before maturity, and in the ordinary course of business. It is, therefore, unnecessary to determine whether the evidence shows that Reid had actual notice of the invalidity of the notes at the time they were transferred to him. It may, however, be stated that the evidence was certainly sufficient to sustain a finding that he had full notice of the claim of defendant in this regard prior to the first attempt at compromise, and that he made the compromise with knowledge imputed to him of the fact that the original notes were based on an unlawful consideration.

Under the views we have expressed, the trial court did not err in admitting the testimony objected to, and the evidence was sufficient to support the findings in so far as the same are essential to the validity of the judgment.

Complaint is made by plaintiff that the trial court failed to find upon certain affirmative defenses tendered by the answer, viz., one of former action pending, and another of a previous order or judgment decreeing the instruments in suit to be void and of no effect. The failure to find on the issues thus tendered could not prejudicially affect plaintiff here, in view of the other findings which make it essential that judgment should go against him, even had findings been made in his favor on these issues.

The judgment and order are affirmed.

NATIONAL BANKS—DIRECTORS—DUTIES AND RESPONSIBILITIES—LIABILITY—LOSSES THROUGH WRONGDOING—NEGLIGENCE—RECEIVERSHIP— STATUTE OF LIMITATIONS—RECOVERY IN EQUITY.

RANKIN VS. COOPER, ET AL.

Circuit Court, W. D., Arkansas, E. D., January 16, 1907.

Directors of a national bank must exercise reasonable control and supervision over its affairs, use such ordinary care and diligence in finding out its condition as an ordinarily prudent man would exercise; they are not insurers or guarantors of the fidelity and proper conduct of its executive officers; they are not responsible for losses from wrongful acts or omissions of officers, if they have exercised the care required of them as directors; they must exercise a degree of care commensurate with the danger to be avoided on learning or suspecting any wrongdoing on the part of any of the officers and if they fail to exercise such care they become responsible; they need not watch the routine affairs of the bank, but should be familiar with the manner in which the business of the bank is transacted and the character of the securities on which credit is given; they should cause an examination of the condition and resources of the bank with reasonable frequency; they are liable, jointly and severally, after learning of excessive loans made to the president of the bank or to other persons, firms or corporations with which he was associated, if they took no effective steps to reduce the loans, or to prevent their increase, for all losses sustained by the bank through subsequent transactions if they could have been prevented by a proper discharge of their duties.

For losses sustained by a national bank through the continued negligence of its directors, which was unknown to its creditors, and they remained in control up to the appointment of a receiver, recovery may be sought against them in equity, although an action of law is barred by a statute of limitations of the state.

Even if a director cannot attend to his duties or to other business because of ill-health, he is not necessarily relieved from liability for losses sustained by the bank, through the failure of the directors to exercise proper care and supervision over its affairs.

A director becomes responsible for acts and omissions from the time he acquires knowledge of the bank's condition and begins actively to participate in its affairs.

FINKELNBURG, *District Judge.** This suit was originally brought on June 19, 1895, by Sterling R. Cockrill, the predecessor of George C. Rankin, the present receiver of the First National Bank of Little Rock, against 16 directors of said bank, to recover losses alleged to have been sustained by said bank by reason of alleged negligence and violations of the laws of the United States governing the management of national banks. In the course of its prolonged history four of the original defendants have dropped out of the case by deaths and failure to revive, and by dismissals for other causes, so that at present there are but 12 left, who are as follows: Gus. Blass, John W. Goodwin, H. G. Fleming, James Joyce, Mark M. Cohn, Charles T. Abeles, P. K. Roots, and the estates of Nick Kupferle, Henry M. Cooper, William Farrell, Logan H. Roots, and C. M. Taylor. The case has been prolonged by the interposition of numerous motions and demurrers, and by an appeal from a decision sustaining one of those demurrers, which decision was afterwards reversed by the Circuit Court of Appeals, as will more fully appear from the report of that decision under the name of Cockrill vs. Cooper, 86 Fed. 7, 29 C. C. A. 529, to which reference is hereby made for further statement of facts. In 1900, after the case had been reversed and remanded, the taking of testimony was begun before a master of chancery, under an

* By assignment.

order of reference, and the case was finally heard and submitted on the merits in February, 1906. The testimony is very voluminous, embracing several thousand pages, there are over 100 exhibits, and the questions involved are complicated. I have given the matter much consideration—all the consideration which other pressing duties would permit since the case was submitted—and I realize now that a decision ought not to be delayed any longer.

At the threshold of this case it must be said that the testimony does not show that any of the defendants in this proceeding gained or intended to obtain any pecuniary advantage or to make any improper personal gain out of the various transactions involved. So far as the evidence shows, the defendants were men in good standing in the community, and many of them active business men of high standing. Nor does it appear that they were guilty of knowingly assenting to or participating in the malversations of funds by the president of the bank which wrecked this one-time flourishing institution. The question rather is whether they were guilty of neglect in not knowing or ascertaining these things and in not taking steps to prevent or remedy them—such culpable neglect as would make them liable under the general principles of the common law governing the duties of bank directors which apply to national banks as well as all other banks, and also under section 5145, Rev. St. (U. S. Comp. St. 1901, p. 3463)—the national bank law—which provides that the affairs of such banks shall be managed by not less than five directors, and section 5147, which makes it incumbent on every such director to diligently administer the affairs of such banks.

Briefly summarized, I understand the law on this subject to be as follows: (1) Directors are charged with the duty of reasonable supervision over the affairs of the bank. It is their duty to use ordinary diligence in ascertaining the condition of its business, and to exercise reasonable control and supervision over its affairs. (2) They are not insurers or guarantors of the fidelity and proper conduct of the executive officers of the bank, and they are not responsible for losses resulting from their wrongful acts or omissions, provided they have exercised ordinary care in the discharge of their own duties as directors. (3) Ordinary care, in this matter as in other departments of the law, means that degree of care which ordinarily prudent and diligent men would exercise under similar circumstances. (4) The degree of care required further depends upon the subject to which it is to be applied, and each case must be determined in view of all the circumstances. (5) If nothing has come to the knowledge to awaken suspicion that something is going wrong, ordinary attention to the affairs of the institution is sufficient. If, upon the other hand, directors know, or by the exercise of ordinary care should have known, any facts which would awaken suspicion and put a prudent man on his guard, then a degree of care commensurate with the evil to be avoided is required, and a want of that care makes them responsible. Directors cannot, in justice to those who deal with the bank, shut their eyes to what is going on around them. (6) Directors are not expected to watch the routine of every day's business, but they ought to have a general knowledge of the manner in which the bank's business is conducted, and upon what securities its larger lines of credit are given, and generally to know of and give direction to the important and general affairs of the bank. (7) It is incumbent upon bank directors in the exercise of ordinary prudence, and as a part of their duty of general supervision, to cause an examination of the condition and resources of the bank to be made with reasonable frequency. I have drawn the foregoing propositions largely from the leading cases of Briggs vs. Spaulding, 141 U. S. 132, 11 Sup. Ct. 924; 35 L. Ed. 662; Gibbons vs. Anderson (C. C.) 80 Fed. 345; Martin vs. Webb, 110 U. S. 7, 3 Sup. Ct. 428, 28 L. Ed. 49; Warner vs. Penoyer, 91 Fed. 588, 33 C. C. A. 222, 44 L. R. A. 761; Cockrill vs. Cooper, 86 Fed. 7, 29 C. C. A. 529, and the recent decision of the Supreme Court of Ohio in the case of Mason vs. Moore, 76 N. E. 932.

In applying the foregoing rules to the present case, I will first speak of the directors collectively, leaving any discriminations to be made between them for subsequent consideration. Briefly stated, it appears from the evidence that up to June 19, 1890, when H. G. Allis was elected president of the First National Bank of Little Rock, it had been a successful and prosperous institution; that soon after Allis assumed charge of its affairs he began to divert the proceeds of the bank partly in the form of improvident, excessive and improper loans to other persons and corporations with whom he was affiliated and engaged in speculative enterprises, notably the City Electric Street Railway Company of Little Rock, the McCarthy-Joyce Company, a mercantile company of Little Rock, the Press Printing Company, a corporation of Little Rock, and a number of other corporations and individuals which will be hereafter more particularly referred to. This diversion and misappropriation of the funds of the bank continued from June 19, 1890, until February 1, 1893, when the bank closed in an utterly insolvent condition, and a receiver was appointed to wind up its affairs. It appears that after realizing what could be realized on the assets of the bank, and after an assessment on the stockholders, there still remained a balance of $300,000 due and unpaid.

It further appeared from the evidence that during the excellent administration of the affairs of this bank by Col. Logan H. Roots, the predecessor of Allis, the directors gradually fell into the habit of permitting the executive officers to manage the business of the bank with very little, if any, supervision on their part. There were no periodical examinations made by examining committees such as were customary in other banks at Little Rock and banks generally. The directors simply trusted Col. Roots and the executive officers acting under him. It appears that this policy of trusting and relying upon the president, cashier, and their assistants was tacitly transferred to Mr. Allis and his staff when he came into office in June, 1890, and the business of the bank was carried on in the traditional way, without any disturbing cause calculated to arouse suspicion or inquiry on the part of the directors until about the month of July, 1891, when rumors began to circulate in and about Little Rock unfavorable to Allis' management of the bank's affairs, and at the request of Dr. G. M. Taylor, one of the directors, a committee was appointed to examine the affairs of the bank, which committee made an elaborate report on the 25th day of November, 1891. In this report the attention of the board is directed to the large indebtedness of Mr. Allis and of his "immediate associates and enterprises," and that "they merit more careful consideration." It is also stated in this report that the committee does not think that the securities in the case of the City Electric and Belt Railways would sell for enough at that time to liquidate the indebtedness, and it is suggested that an early liquidation or payment in full of these accounts, together with a large reduction of Mr. Allis' personal indebtedness, is deemed desirable. It seems that about the same time the government examiner made an examination which led to a letter from the Comptroller of the Currency, dated November 28, 1891, addressed to the cashier, and to which personal attention was also called by an individual notice from the Comptroller mailed to each director. In this letter, which is lengthy, the Comptroller calls attention to the loss to Mr. Allis, the City Electric Railway Company, the Belt Line, Bradford & Brown, and alludes to Allis' connection with those parties and companies, and reminds the directors that the "use of the funds of a bank by any officer to forward his interests in any speculative enterprises is most reprehensible and dangerous, and the directors of your bank, who are by law made responsible for the management of its affairs, should spare no effort and lose no time in eliminating all paper of this character from the assets of your bank." The Comptroller in this letter also admonishes the directors that it is the duty of the board to meet more frequently, and that "the conduct of the affairs of a national bank is by law devolved upon the board of directors, and regular and frequent meeting are therefore very desirable." This letter presumably reached the bank on or about December 1, 1891, and was answered by the board in a lengthy reply December 8, 1891, signed by all the directors individually, except three (Logan H. Roots, William Farrell, and C. M. Taylor), reported as absent from the meeting at which the reply was agreed upon. In this letter the directors undertake to answer the Comptroller's criticism in many particulars, and show an apparent familiarity with the bank's affairs. They also express continued confidence in Mr. Allis' management and in the success of the bank. Notwithstanding all these warnings and admonitions, the directors seem to have proceeded in the same passive way as they did before, relying on Mr. Allis to straighten things out. Instead of that, however, Mr. Allis involved the institution more and more, finally leading to absolute ruin to himself as well as the bank. Even though the bad debts existing at the period referred to could not be recovered or reduced, no adequate effort, indeed no effort whatever, seems to have been made by the defendants to arrest their increase after they had been warned by the Comptroller and a committee of their own body. They failed to arouse themselves from their lethargy.

As has been well said, the courts in dealing with instances of negligence by the directors of banks "are under perplexing restraint lest they should, by severity in their rulings, make directorships repulsive to the class of men whose services are most needed, or, by laxity in dealing with glaring negligences, render worthless the supervision of directors over national banks, and leave these institutions a prey to dishonest executive officers." (Robinson vs. Hall, 63 Fed. 225, 12 C. C. A. 677.) With grave misgiving as to the liability of the members of the board for the wrongdoings of the president and his associates prior to December 1, 1891, I have finally determined upon that date as indicating a period of time when the members of the board certainly had been sufficiently warned to arouse suspicion, and when they either knew, or by the exercise of ordinary care should have known, that the affairs of the bank were being imperiled by Mr. Allis and his associates, and it follows from the rules of law, hereinbefore referred to, that the directors should be held liable for all losses that could have been prevented by a proper discharge by them of their duties after December 1, 1891. I need hardly add that I have reached this conclusion with great reluctance, because the neglect of a proper supervision of the bank was in a sense unintentional, and because many of the defendants have already sustained severe losses as stockholders and depositors; but, on the other hand, the court cannot ignore the rights of innocent third persons who confided in this bank, relying upon the protection which the names of these directors and a proper discharge of their duties held out to the public.

As to the statute of limitations, I have come to the conclusion that it does not apply, because the case in my opinion falls under the exceptional circumstances referred to by Sanborn, J., in Cooper vs. Hill, 94 Fed. 582, 36 C. C. A. 402, circumstances under which a court of equity will permit a suit to be maintained notwithstanding the statutes (see pages 590, 591 of 94 Fed., pages 410, 411 of 36 C. C. A.), and also because at the time of the commission of the wrongful acts in question and afterwards, until the appointment of a receiver, the defendants who were concerned therein constituted a majority, if not the whole, of the board of directors, and that in consequence of their having full control of the corporation no suit could be brought to redress the alleged grievances until a receiver was appointed.

A special defense is set up by the executors of Logan H. Roots, deceased, on account of ill health and absence from the city, and in that connection Briggs vs. Spaulding, 141 U. S. 132, 11 Sup. Ct. 924, 35 L. Ed. 662, has been referred to. I think a passing illness, temporary in character, is an excuse for the period it lasts, but, if a person becomes a confirmed invalid for a number of years and unable to attend to the duties of a director, he has no right to hold on to the position and at the same time decline its corresponding responsibilities. By so doing he invites others to trust the bank on the strength of his name, and in such case he ought to bear his share of the consequences growing out of such a dual situation. This is peculiarly applicable to Colonel Roots because of his high reputation in the community and the great trust that was placed in him as a director, as abundantly appears from the evidence in this case. Nor does it appear from the evidence that Colonel Roots was in fact such an invalid that he could not give any attention to the affairs of the bank. On the contrary, it appears that he attended 46 meetings in 1890; 38 in 1891; 48 in 1892, and 9 in January, 1893. He also in writing indorsed and approved the report of the examining committee of November 25, 1891, signed the letter to the Comptroller of January 16, 1892, was re-elected and accepted the office of president in January, 1893, and accepted the office of receiver for this bank when it closed.

It is also urged in defense of Colonel Roots that he was necessarily absent from Little Rock a great deal, and hence unable to attend many board meetings. The same defense is made on behalf of defendant Blass, who spent much of his time in trips to the East in connection with his mercantile business. But to permit this to operate as a defense in a case of this kind would be putting a premium on the failure to attend board meetings and a penalty on those who attend regularly.

The next question is: What should be the measure of damage in a case like this, and what the extent of liability of each party?

An examination of the bill of complaint in this case has led me to the conclusion that it states a common-law cause of action for damages sustained by the bank by reason of losses caused by the negligence of the directors so far as improvident loans to Mr. Allis and his associates are concerned. But that in regard to improvident loans to the City Electric Railway Company, the McCarthy-Joyce Company, and the Press Printing Company, complainant has expressly limited the right of recovery to the excess over the 10 per cent. limitation imposed by the national bank act, viz., $50,000. I find from the evidence in this case that, aside from these three corporations, the persons and corporations referred to in the bill as Allis' associates in speculative enterprises to whom loans were made for Mr. Allis' use, and whose notes were used in reduction of or substitution for his indebtedness, were the following: Bradford & Brown, H. P. Bradford, Bradford, Taylor & O'Connell, H. G. Fleming, Belt Railway Company, Capital Construction Company, Capital Street Railway Company, and Electric Addition Company.

I further find from the evidence that the terms of service of the present defendants as directors of the bank were as follows: N. Kupferle, Gus Blass, John W. Goodwin, and Logan H. Roots, served from June 2, 1890, and prior thereto, up to the close of the bank; Henry M. Cooper from October 19, 1891, to the close of the bank; H. G. Fleming from October 19, 1891, to January 23, 1893; Mark M. Cohn from June 2, 1890, and prior thereto, up to January 12, 1892; Charles T. Abeles from January 12, 1892, to the close of the bank; James Joyce from January 12, 1892, to January 10, 1893; P. K. Roots from June 2, 1890, to January 16, 1891; C. M. Taylor from January 16, 1891, to November 6, 1891, and William Farrell from January 16, 1891, to November 28, 1891.

As to the claim made against the defendant directors on account of the so-called "raised balances," I find in favor of the defendants on the law and the evidence applicable thereto.

As to dividends, I find that the last dividend, declared January 10, 1893, was declared and paid contrary to the statutory restrictions, and that those defendants who were directors at that time are responsible for the amount thereof as funds improperly diverted from the assets of the bank.

In view of the premises, as hereinabove stated, the court now finds and adjudges that a decree should be entered against defendants Gus Blass, John W. Goodwin, H. G. Fleming, and the estates of Logan H. Roots, Nick Kupferle, and Henry M. Cooper, as follows: (1) For all losses sustained by the bank by reason of any increase in the amount of money loaned to or permitted to be drawn by Mr. Allis and his associates, viz., Bradford & Brown, H. P. Bradford, Bradford, Taylor & O'Connell, H. G. Fleming, Belt Railway Company, Capital Construction Company, Capital Street Railway Company, and Electric Addition Company, after December 1, 1891, and up to February 1, 1893, when the bank closed. (2) For all losses sustained by the bank by reason of any money loaned to or permitted to be drawn by the City Electric Street Railway Company, the McCarthy-Joyce Company, and the Press Printing Company, or either of them, since December 1, 1891, in excess of a total indebtedness of $50,000 on the part of either of said corporations; the liability on account of these three corporations being for such increase in excess only. (3) For any losses sustained by the bank by the declaration and payment of the dividend of January 10, 1893.

The court finds and adjudges that a decree should be entered against defendant Mark M. Cohn (1) for all losses sustained by the bank by reason of any increase in the amount of money loaned to or permitted to be drawn by Mr. Allis and his associates, being the persons hereinbefore designated as such in the decree against Gus Blass et al., after December 1, 1891, and up to January 12, 1892, when defendant Cohn went out of office; (2) for all losses sustained by the bank by reason of any money loaned to or permitted to be drawn by the City Electric Street Railway Company, the McCarthy-Joyce Company, and the Press Printing Company, or either of them, after December 1, 1891, and up to January 12, 1892, in excess of a total indebtedness of $50,000, on the part of either of said corporations, the liability on account of these three corporations being for such increase in excess only.

A director ought not to be held responsible for the conduct of the business of a bank from the very day of his election if he has not been a director theretofore, but the evidence shows that defendant Abeles was put on the discount committee at once, and he was present at the board meeting of February 13, 1892 (30 days after his election), when the directors manifested a very anxious state of mind about the bank's finances, and when the telegram from Mr. Allis was received concerning the negotiations of his speculative stocks in New York. I think this was sufficient warning to Mr. Abeles, and that his responsibility ought to begin on that day.

The court therefore finds and adjudges that a decree should be entered against defendant Charles T. Abeles, as follows: (1) For all losses sustained by the bank by reason of the increase, if any, in the amount of money loaned to or permitted to be drawn by Mr. Allis and his associates, being the persons hereinbefore designated as such in the decree against Gus Blass et al., after February 13, 1892, and up to February 1, 1893, when the bank closed. (2) For all losses sustained by the bank by reason of any money loaned to or permitted to be drawn by the City Electric Street Railway Company, the McCarthy-Joyce Company, and the Press Printing Company, or either of them, after February 13, 1892, in excess of a total indebtedness of $50,000 on the part of either of said parties; the liability on account of these three corporations being for such increase in excess only. (3) For any losses sustained by the bank by the declaration and payment of the dividend of January 10, 1893.

As to defendant Joyce, the evidence shows that the circumstances of his election and his relations to Mr. Allis and the bank were such that a thirty-day period should be sufficient interval between election and responsibility for future management.

The court, therefore, finds and adjudges that a decree should be entered against defendant James Joyce, as follows: (1) For all losses sustained by the bank by reason of the increase, if any, in the amount of money loaned to or permitted to be drawn by Mr. Allis and his associates, being the persons heretofore designated as such, after February 12, 1892 (being thirty days after he was elected a director), and up to January 10, 1893, when he went out of office. (2) For all losses sustained by the bank by reason of any money loaned to or permitted to be drawn by the City Electric Street Railway Company, the McCarthy-Joyce Company, and the Press Printing Company, or either of them, between the 12th day of February, 1892, and January 10, 1893, when he went out of office, in excess of a total indebtedness of $50,000 on the part of either of said corporations; the liability on account of these three corporations being for such increase in excess only.

And the court finds and adjudges that under the evidence a decree should be entered in favor of the estates of C. M. Taylor and William Farrell, and defendant P. K. Roots, and that the bill should be dismissed as to them.

In so far as the findings of fact and law submitted by the special master heretofore appointed in this case are in conflict with this decision, they are hereby overruled, and the exceptions to such findings are sustained, and a new order of reference will now be made for the ascertainment of the amount of losses and liabilities in conformity with this decision, and a decree will be entered in conformity with this decision covering all the matters and things aforesaid.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

JOINT NOTE — LIABILITY OF MAKERS.

PRESCOTT, ARIZ., Oct. 9, 1907.

Editor Bankers' Magazine:

SIR: Our attorneys take different views of this question and we would like your decision in the matter.

A note was presented for discount, signed by three different individuals, not partners so far as we know and nothing in the note to indicate a partnership. Note reads "One year after date we promise to pay."

Query: Under our statutes, is this a joint note? If so, is it enforceable against the individual signers proportionately (that is, each for one-third), or is it enforceable merely against their joint property, and if no joint property then is the note valueless—aside from the endorsers' liability—even though each signer is well worth the amount of the note many times over?

Authorities at hand seem surprisingly silent on the subject.

CASHIER.

Answer.—Where two or more persons sign a note containing the words "we promise to pay," the note is deemed *prima facie* the joint obligation of the makers. (Daniel on Negotiable Instruments, Sec. 94.) But such a note will be treated as joint and several if it appears, either by direct proof, or from facts sufficient to warrant the inference, that the parties intended it to be such. (Yorks v. Peck, 14 Barb. [N. Y.] 644.) These rules have not been changed by the Negotiable Instruments Law. (Laws Arizona, 1901.) But though the note is to be deemed joint, each of the makers becomes liable for the whole amount, and a judgment against them on the note is enforcible against the individual property of each. The rule which allows only joint property to be taken on execution applies only where some one of the joint parties is not served with process in the suit, in which case his individual property cannot be taken. The rule is thus stated in a leading New York case. (Robertson v. Smith, 18 Johns. 459, 477.) "It cannot be said, that in a legal sense, where there are a plurality of debtors, that their contract is joint and several, when they have engaged jointly to pay the debt. Each debtor is bound for the whole, until the debt is paid; but as regards the remedy to coerce payment, there is a material and settled distinction. If they have undertaken severally to pay, separate suits may be brought against each; but where their undertaking is joint, unless they waive the advantage, by not interposing a plea in abatement, they must be sued jointly, if in full life, and neither has been discharged by operation or a bankrupt or insolvent law, or is not liable on the ground of infancy." In most, perhaps all, of the states, it is now provided by statute that in actions against joint debtors, process may be served on a part only, in which case the judgment is enforcible out of the individual property of those served, and the joint property of all, but not out of the individual property of those not served.

CHECK INDORSED IN BLANK—RIGHT TO PAY TO PERSON IN POSSESSION.

LAFAYETTE, IND., Oct. 12, 1907.

Editor Bankers' Magazine:

SIR: Please kindly give us your opinion of a case like this: A firm buys a draft at this bank for $25.00 and sends it to a woman in another city; the firm who buys the draft has it made payable to its order, and makes it payable to the order of the woman to whom the draft is sent. The woman wishes to pay this money to a person in Indianapolis; she endorses the draft in blank and sends it to the person at Indianapolis. The letter falls into the hands of the wrong person, and that person, we will suppose, is not a responsible person, but presents the draft to some bank in Indianapolis, and obtains the money. Later on the person to whom this draft was sent by the woman claims not to have received the draft and demands payment again. What we wish to know is who would lose this money; could the woman who owed the person at Indianapolis recover from the bank who paid this draft to some irresponsible party at Indianapolis; in other words, does the endorsement of a draft in blank make a draft a bearer check?

L. C. SLOCUM, *Cashier.*

Answer.—The rule is that where a check is payable to bearer or indorsed in blank, payment in good faith to the person in possession of the same is valid, and this though it should turn out that the person receiving payment was without authority, or even that the instrument had been lost or stolen. (4 Am. & Eng. Ency. Law, 497; Daniel on Negotiable Instruments, Sec. 1230.) And mere suspicion that the person presenting the paper is not the owner will not justify a refusal to pay, but there must be circumstances amounting to clear proof that the possession is fraudulent. (Stoddard v. Burton, 41 Iowa, 582.) Unless, therefore, there were circumstances of this kind known to the bank which paid the check (which is, of course, very unlikely), the loss must fall upon the payee. And this is only just, since it was through her negligence that the loss came about.

RENEWING LOAN SECURED BY COLLATERAL—BANKRUPTCY OF MAKER.

SANDUSKY, OHIO, Oct. 15, 1907.

Editor Bankers' Magazine:

SIR: Will you kindly answer in the column of your paper the following legal question. If a bank holds a note with which there is collateral security, and at maturity the note is renewed and same collateral retained, is this construed as a preference to the bank in case the maker of the note goes into bankruptcy within four months from date of said renewal? H. W. PARSONS, *Cashier.*

Answer.—No. The important and controlling fact would be that when the collateral was delivered to the bank, the latter made an advance of money upon the faith thereof, and the mere circumstances that the note was afterwards renewed could not change the situation of the bank into that of one who had taken the collateral to secure an antecedent debt. The renewal note would be only a new evidence of the original debt created by the advance of cash, and the status of the bank would be determined by the transaction as originally made.

KEEPING BANK OPEN SATURDAY AFTERNOON—PAPER DUE SATURDAY.

————, PENNSYLVANIA, Sept. 29, 1907.

Editor Bankers' Magazine:

SIR: We have always observed Saturday as a half-holiday, and notes falling due on that day have been carried over to the next succeeding business day. We are now up against a proposition of being compelled to keep open all day Saturday, on account of the only other bank in town conceiving the idea that it was not the right thing to close Saturday afternoon—in fact, they are thinking of keeping bank opened Saturday evening. Will you kindly give us your opinion if we have the right to carry notes falling due on Saturday over until the next succeeding business day, if bank is opened all day Saturday? CASHIER.

Answer.—The fact that the bank is kept open on Saturday afternoon will not in any way affect the presentment of paper. Of course, if the bank sees fit, it has the right to pay at any time checks drawn on itself; but it cannot by keeping open on the half-holiday affect the rights of other persons. The statute is explicit upon this point. It provides: "Instruments falling due on Saturday are to be presented for payment on the next succeeding business day; except that instruments payable on demand, may, at the option of the holder, be presented for payment before twelve o'clock noon on Saturday." (Negotiable Instruments Law, Sec. 85.) A presentment made on Saturday afternoon would, therefore, be as ineffectual as if made on any other holiday or Sunday, and the bank has not only the right to carry notes over until Monday, but is bound to do so, unless the paper is payable on demand, and is presented before twelve o'clock noon.

SUBSTITUTION OF FORGED NOTE—SITUATION OF SURETY WHO IS CO-MAKER.

FREEPORT, ILL., Oct. 12, 1907.

Editor Bankers' Magazine:

SIR: Will thank you to publish your opinion on the following:

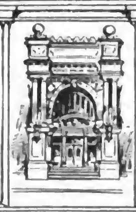
A borrowed a certain amount of money from the bank, which note was secured by a second signer. When the note became due A asked for an extension and at the same time took a blank note out to have signed by the same man who signed the original note. He brought back the renewal and the original note was cancelled and turned over to him. It now transpires that the signature of the security on the second note was a forgery by A and the security claims that as the original note was cancelled and he not having signed as security on the renewal he cannot be held for the amount. Who, in your opinion, should stand the loss, the bank or the man who signed as security? FREEPORT.

Answer.—We infer that the "second signer" placed his signature on the instrument as co-maker, and hence that no demand of payment or notice of dishonor was necessary in order to charge him with liability. There was, therefore, nothing in the facts to release him from his obligation. The substitution of the forged paper did not constitute a payment, and, even if he is to be regarded as a surety, who would be discharged by an extension of time to A, the principal debtor, still as the taking of the forged paper did not legally operate as an extension of time, he could not urge this as a defense. We think, therefore, that upon the discovery of the fraud, the bank had the right to treat the parties as if the original note remained in force and unpaid.

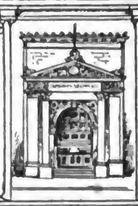
THE GERMAN CHECK SYSTEM.

UNDER date of September 11, A. J. Hammerslough writes to the "New York Times" as follows:

"In your issue of September 11, you publish a letter signed 'Experience,' which states that checks are not safe in Germany 'for the reason that the mere indorsement of the check in the presence of the Cashier is sufficient for identification.' This statement is one of those half-truths which tend to obscure the issue. The facts are these: The German banks require the drawer of a check to advise them by mail of the amount of the check drawn, the date of the drawing, and the name of the payee, if the drawer wishes to hold them responsible for the identification of the payee. It is only in the absence of such an advice that the check is treated like our 'bearer' checks, where no identification is necessary. An experience of six months in one of the largest German banks qualifies me to speak with some authority on this matter."



SAVINGS BANKS



SAVINGS DEPARTMENTS IN NATIONAL BANKS.

AT the recent convention of the Savings Bank Section of the American Bankers' Association, William Hanhart, secretary of the Section, said:

"It is not possible, nor would it be desirable or fair, that savings depositors should be preferred creditors, but in permitting national banks to open savings departments the deposits received in this department should be segregated and invested in the usual Eastern savings bank proportion, that is, say, sixty per cent. in loans on bond and mortgage on a fifty per cent. valuation, and the remaining forty per cent. in United States, State, municipal, and first mortgage railroad bonds. This would give a great security and stability to that branch of the business, and at the same time, and to a certain extent, accomplish an object which has been the subject of much discussion within the last few years, that is, the investment of deposits in national banks in loans on real estate. Such legislation as I propose, whilst permitting national banks to invest in realty loans, would perforce limit the amount of such investments to sixty per cent. of their savings deposits, and no one, I think, would seriously object to this.

The cash reserves, I think, should be kept on the same percentage basis as their other deposits, although this is a matter that could be further discussed; a smaller reserve may be found to be quite sufficient. You are aware that in our large Eastern savings banks a five per cent. cash reserve is considered a conservative one, and rightly so, for savings bank deposits, although usually paid on demand, yet are subject at any time, or may be made absolutely subject, to a notice varying from ten to ninety days. I might here mention that the new Connecticut law regulating savings departments exempts such deposits from the cash reserve provision which applies to their commercial deposits."

Deposits Received Evenings.

W. M. Kern, secretary Dollar Savings Bank, New York, in an address before the Savings Bank Section at Atlantic City said:

"In the sections of Brooklyn, and the residential portions of Manhattan, the Bronx and Jersey City, the savings banks are open Monday afternoon or evening almost without exception. In Newark it is the exception to be open in the evening, and New Jersey savings banks on the whole only half favor the custom. The newer banks open also on Saturday as an advertisement. In two or three cases Monday is omitted, and Thursday or Saturday adopted in its stead. The majority of the banks close at three and reopen from five to seven, six to eight, or seven to nine, according to their locality. This is varied by others being open from four to seven, or from five to eight, or to remain open all day Monday until six, seven, eight or nine o'clock. It may be of interest to note that with one or two exceptions all of these banks close at twelve Saturday.

The banks located on the borders of the business sections use the earlier hours. The larger number adopt the hours from six to eight, and are located in the residential sections. The banks open from seven to nine are usually in the suburbs. The design in each case is to accommodate the depositors at the earliest convenient hour, and get through as quickly as possible.

The larger banks having under their care over one-third of the total deposits, and which do not open evenings, are not to be construed as unfavorable, but on the contrary may be considered glad it is the usual custom. Some realize that the size and arrangement of their banking rooms would not accommodate the large number of people that would call at the bank if they were open evenings, but the main reason is that they are located within the business portion of New York City, where but little evening business is called for, and a few banks are so large they purposely limit their deposits.

Considerable difference in the nature of the deposits can be noticed between a Monday or a Saturday evening. With a typical growing bank that is open both Saturday and Monday evenings, the business Saturday is easily twice as heavy as that of any day, but of little value to the bank except as an advertisement. Many people, especially women, purposely leave their banking duties until Saturday, who ought to come during the week. Young people are attracted in to open accounts whose income is insufficient to allow them to save, and their accounts are soon closed. There is a tendency for all accounts to degenerate from savings accounts to pocketbook accounts, on account of the additional opportunities to withdraw. In theory Saturday night should be the best night for the savings banks to be open, that the wage-earner may be induced to adopt the rule of bringing a part of his earnings to the bank at once, confine his expenses to the remainder, and retain no pocket money to squander. In practice, however, he is apt to deposit several dollars more than he can spare, partly in hope that he may get along without it, and partly to protect him from his borrowing neighbors, and depend upon the convenient hours of the bank for himself or wife to call during the week and withdraw a part of it, if needed, which it almost always is. But this good practice of the depositor does not after all prevent him from a foolish expenditure, for he must retain some money on his person for household expenses, and if temptation comes, he spends it and calls on the bank for replenishment.

The Monday evening depositors appear in all ways to be as legitimate as those of the day time, but not nearly so numerous as those of Saturday night. Ninety-eight per cent. of Saturday night depositors will admit they could just as well come Monday night, and when the bank decides to close Saturday night, its Monday evening work will be as heavy as the Saturday evening work previously was, but the undesirable element does not appear, and gradually the women who came Saturday evenings will come during the daytime, and the evening work of the bank will then be about 50 per cent. more in deposits and depositors than the average day; its withdrawals 20 per cent. less, while its new accounts will be two or three times as much. These new accounts will not average nearly so much as those opened in the daytime, but one-half of them apparently are from depositors who cannot come to the bank at any other time, and three-fourths of the depositors at the receiving teller's window are similarly circumstanced. An older bank will have more deposits in the daytime from its old accounts, so that this ratio will not be so large, but will probably average the work of an ordinary day. These figures exclude transferred accounts. No loss of net deposits is observed when the Saturday evening is discontinued, if the Monday is retained.

To receive deposits only is the custom of one bank, but I judge that it can be demonstrated that a depositor will not deposit steadily where he cannot withdraw readily, and in the long run the bank that pays freely will have the largest net deposits.

Observations made in the residential sections convince me that of those who go to business about 25 per cent. go 'down town' (about one-third of them being young women), and nearly 25 per cent. of those working nearby cannot attend to banking duties during the day, making it that 40 per cent. to 50 per cent. of such population require evening facilities, except as they are accommodated by the proximity of some banks to their place of business.

It is of interest to inquire, will the evening hours increase, and also should they? They may be demanded, but I believe should be opposed. The reasons for and against are long-winded, and I can only give a synopsis. The increase of population, of commuting and trolley riding, and the use of electric lights, induce longer days, and demand more evening work. Evening hours are especially productive of new accounts. Concern is felt for the Italians and other immigrants who are attracted by the so-called private bankers of their own people, and who operate very largely in the evenings. The better education of the people, and the facilities for investment, combined with the competition of business banks and trust companies allowing interest in their savings departments, and upon their daily balances, are attracting the larger deposits, leaving for the savings bank to grow on the class of depositors who require evening accommodations.

In opposition, we believe the beneficial work of the bank should be to protect and advance the good health of the community as well as to care for their earnings. Depositors must be kept healthy to earn and save, and health is preferable to a bank account. The total of busy hours now customary with the public seems to have reached the limit that can be healthily sustained if not already exceeded, and the bank should use its large influence to discourage the tendency to excess. Within the bank additional evening work adds expense, causes losses by tired tellers, and leads to over-depositing and frequent withdrawing.

If asked a word of advice—a small town may have but little need of evening or afternoon hours, depending upon the nature of its business. It is preferable to open continuously on Monday to half-past eight or nine o'clock, provided the bank can arrange to have its tellers relieved during the evening meal. Adopt the word 'eve' in connection with the date stamped in the passbook.

In concluding, I believe the pressure of evening work should further be relieved by branch banks and better mail facilities, but as the laws are at present, it is a pleasure to realize that the customs of the banks of New York and vicinity can be recommended."

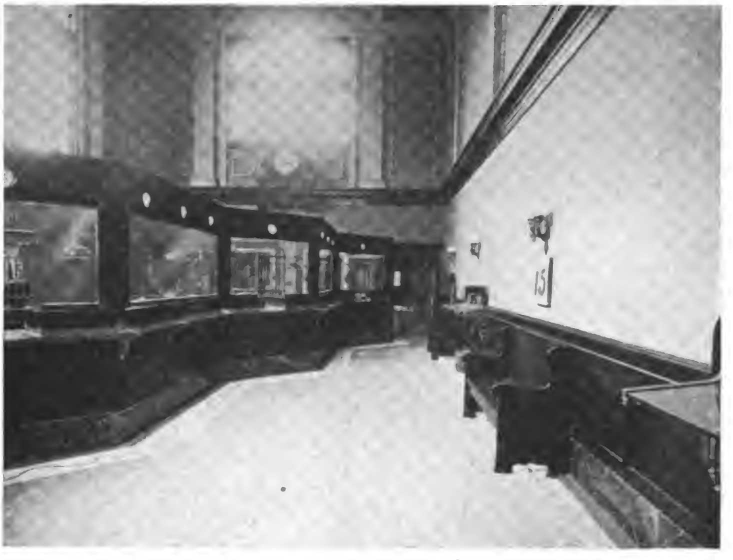
A WELL ARRANGED SAVINGS BANK BUILDING.

WITH the notable improvements made in bank architecture in the past ten or twenty years, there has been a gradual approach to perfection, not only in the buildings themselves, but in the adaptation of the floor space to banking requirements. In arranging a plan for banking-rooms, safety, light, ventilation, and the comfort and

MARINERS' SAVINGS BANK, NEW LONDON, CT.

convenience of the public and of those who do the bank's work, are prime considerations.

These various factors seem to have been treated with a due sense of their proportionate importance in the new building recently completed and now occupied by the Mariners' Savings Bank of New London, Connecticut. The building was planned solely for the use of the bank and is of modern fireproof construction. Coming into the bank through the vestibule, which is heated by radiators on either side to prevent the entrance of cold air in the winter, one enters the main banking-room, which is thirty feet wide, fifty-five feet long and twenty-eight feet high. This room is finished in Mexican crotch mahogany trim and wainscoting; with plain plastered walls, painted a warm buff color; and ceiling beaming and decorations in cream white, touched with silver. This room, which is said to be the best lighted banking-room in the State of Con-



MARINERS' SAVINGS BANK, NEW LONDON, CT.—MAIN CORRIDOR.

necticut, has windows on the north, east and south, of ample size, and a large skylight overhead.

The building is lighted throughout by electricity and gas, the lighting of the main banking-room being unusually fine by reason of a system of reflected electric lighting which fills the entire room with a pleasant but brilliant light, with almost no indication of its source.

On the right of the entrance is a handsomely fitted up ladies' writing-room, and on the left the office of the treasurer, which opens directly into the working quarters. The ladies' room is fitted with a mirror and facilities for writing and resting. The treasurer's room is finished in mahogany, with book shelves and closets built in. The partitions are of plate glass in mahogany framing with bronze grille work.

At the rear of the banking-room are the security and book vaults, the security vault containing several hundred safe-deposit boxes of various sizes in the front part and security and money lock-ups at the rear, separated by a steel grille and gate; the book vault being fitted up with steel shelving, drawers, files, etc.

The working quarters of the bank are spacious and convenient, owing to the unusual counter line, which makes a proper division of working and public space. The counter system permits the tellers to face partly toward the entrance, giving a full view of the lobby at all times.

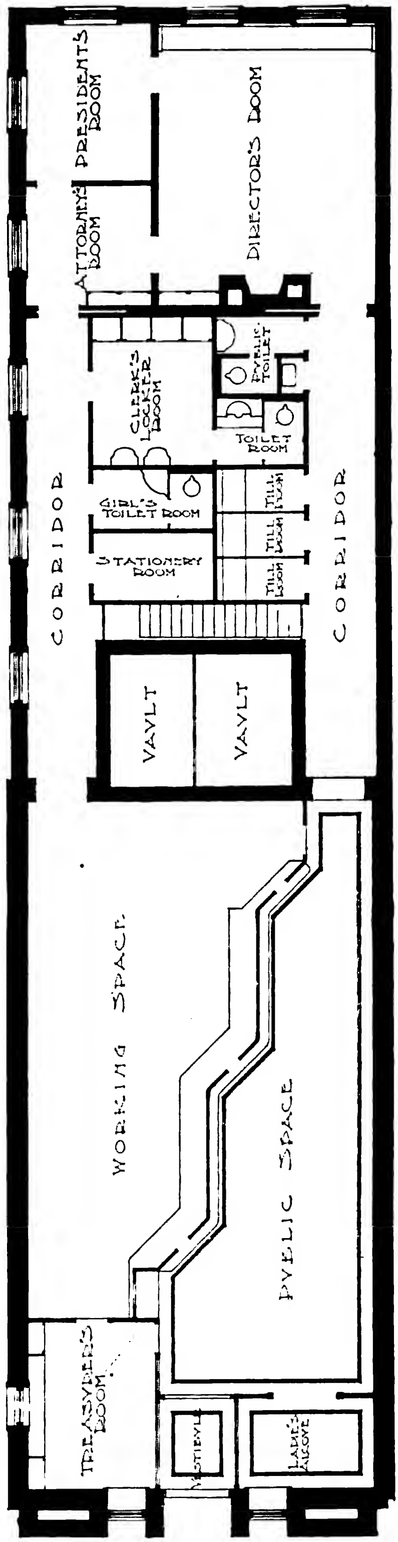
The card ledger desk is located midway between the tellers' windows, in the center of the working space, and is convenient of access from both points.

The rear of the building, which has a height of fourteen feet in the clear, is divided into two parts. From the rear of the lobby runs a corridor directly to the directors' room at the extreme rear. On this corridor are the entrances to the basement, the coupon rooms for safe deposit customers, the janitor's closet, and the public toilet. The other corridor opening from the working quarters of the bank gives access to the stationery room, the clerks' locker and toilet rooms, the attorney's room, and the president's office, the last two connecting with the directors' room. This arrangement of a public and private corridor has proven very satisfactory.

The directors' room is finished in oak, stained green, with plaster side walls painted a rich dark red, and cream toned ceiling. There is a large brick fireplace at one end and at the other a long cushioned seat built in. The furniture of this room is massive solid mahogany; in fact, all the furniture in the building is of solid mahogany.

A system of private telephones connects every part of the building with the treasurer's office, while electric door strikes and call bells make it possible to open doors or signal for police or janitor by touch of a button.

In the basement of the bank is a finely equipped storage vault for the storing of bulky valuables.



FLOOR PLANS OF THE MARINERS' SAVINGS BANK, NEW LONDON, CT.

There is an elevator under the sidewalk and a coal-chute at the curb.

The heating is by steam, and the ventilating, by means of skylights, is perfect.

The general effect is one of harmony of design and coloring and of substantial plainness. The use of wood in place of the customary marble gives a warm and pleasing tone, instead of the cold and cheerless appearance of many modern bank buildings.

Evidently, the architect, Mr. Dudley St. Clair Donnelly, bestowed much thought and care on the construction and arrangement of this new building, with results that are gratifying to the officers and patrons of the bank.

BOND ACCOUNTING IN THE SAVINGS BANK.

BY W. H. KNIFFIN,

CASHIER HOME SAVINGS BANK, BROOKLYN, N. Y.

WHEN the New York State Banking Department sent out the blank forms for the January, 1907, report, with a footnote requesting that the amortization of the bond investments be given for the year, it created no little commotion among the savings bank fraternity. A bank having half a million or thereabouts in bond investments did not find it a very great matter, but to those whose stock account ran into the seven figures, it was a matter of far greater moment. For some years past, in magazines and conventions, bond accounting had been discussed, and those who could read the handwriting on the wall were in a measure prepared to handle the question; but it is safe to say that many a bank man burned the midnight oil those days in order to get his report off on schedule time.

When the smiling "bond man" comes to you with an offering of Town of Wellville five per cent. bonds, due in five years, on a 4¼ basis, you naturally want to know what they will cost. You therefore turn to the little book of bond values--and, if you have none, he will gladly send you one complimentary, though it costs the firm two dollars—and you discover therein that you must pay at the rate of 103.35, or $10,335 for the block. You write your order and in due time the bonds are delivered.

You will now have three factors to consider: The par, or face value; the accrued interest, and the premium, $335.00. The first you will naturally charge to stock account and the accrued interest to income account. The premium may be treated in either of three ways: It may be amortized correctly—scientifically, or averaged, or charged directly to profit and loss according to what may be termed, for want of better name, the "teapot method," which is neither scientific nor accurate.

Let us consider this method first. The average bank has a surplus fund which is too often treated as if it belonged to no one in particular and to everybody in general. This is the safety fund, which must stand for all the losses and which in turn is credited with all the net earnings. Some bank men seem to look upon this as did the old lady who kept her bank account in the old teapot. "When she had some to spare, she put it in, and when she went shy, she took it out."

When the bookkeeper is instructed to charge this premium to the profit and loss account and nothing more is done about it, the surplus is treated precisely as the old lady treated the teapot.

The bank man who takes a premium out of the surplus is in honor bound to see that it is put back, and not only to put it back, but to do it right. Not only to play fair with the surplus, but at the same time to play fair with each year's earnings, not giving to one more than it is justly entitled to, nor withholding from the other that which properly belongs to it.

To conclude that the $335.00 is gone forever and that you have therefore a five per cent. investment, is to deceive yourself. It is not, and never can be, a five per cent. investment, for you have $10,335 of your good money tied up in those bonds, and in justice to all concerned it should come back, in due course, intact.

True it is, that as the earnings, the net profits are credited to the surplus from time to time, they will contain that $335.00 hidden away, and it will eventually find its way back into the surplus; but it is better banking and much more satisfaction to know just how much belongs to each year and to put it where it belongs when it belongs there.

Again, if you make up your balance-sheet and consider this a five per cent. bond, you are forgetting that only part of this is income and part a repayment in semi-annual installments of the aforesaid $335.00.

When the first interest payment—$250.00—comes due, it is not all interest, for you have the $10,335.00 invested, remember, at 4¼ per cent., and if you will reckon the income on $10,335.00 at 4¼ per cent. you will find it to be $219.62—not $250.00; and this is all that you are entitled to according to your original intention, and the balance, $30.38, belongs to the surplus, and should be so credited.

This will lead to the consideration of the second method, the average amortization, where an equal part is set aside each period to replace the amount first charged. A bond having five years to run, interest payable semi-annually, would have one-tenth of the premium included in each payment of interest.

Therefore, taking $10,000 five per cent. bonds on a 4¼ per cent. income basis, with five years to run, the following table will show the average amortization and the market values:

Date.	Par Value.	Average Amortization.	True Interest.	Market Value.
July 1, '07	$10,000	....	....	$10,335.00
Jan. 1, '08	.....	$33.50	$216.50	10,301.50
July 1, '08	.....	33.50	216.50	10,268.00
Jan. 1, '09	.....	33.50	216.50	10,234.50
July 1, '09	.....	33.50	216.50	10,201.00
Jan. 1, '10	.....	33.50	216.50	10,167.50
July 1, '10	.....	33.50	216.50	10,134.00
Jan. 1, '11	.....	33.50	216.50	10,100.50
July 1, '11	.....	33.50	216.50	10,067.00
Jan. 1, '12	.....	33.50	216.50	10,033.50
July 1, '12	.....	33.50	216.50	10,000.00
		$335.00	$2,165.00	

But if this table be compared with the one following, it will readily be seen that this method is not correct, for by averaging, the first year's amortization will be too much, while the latter years will have too little. And while in the example before us it is a trivial matter, yet if the amount were larger, it would make a far better argument.

It will be noted that the amortization for the first period is $30.38 correctly figured, as against $33.50 by the average method, while for the last period it stands at $37.06 and the average would only give credit for $33.50, manifestly unfair to both.

The third and only correct method will be shown in the following table:

$10,000 five per cent. bonds due in five years on a $4\frac{1}{4}$ basis.

Date.	Par Value.	Amortization.	True Interest.	Market Value.	Amount Due.
July 1, '07...	$10,000	....	......	$10,335.00*	......
Jan. 1, '08...	.....	$30.38	$219.62	10,304.62	$250.00
July 1, '08...	10,000	31.04	218.96	10,273.58	250.00
Jan. 1, '09...	.....	31.70	218.30	10,241.88	250.00
July 1, '09...	10,000	32.36	217.64	10,209.52	250.00
Jan. 1, '10...	.....	33.06	216.94	10,176.46	250.00
July 1, '10...	10,000	33.76	216.24	10,142.70	250.00
Jan. 1, '11...	.....	34.48	215.52	10,108.22	250.00
July 1, '11...	10,000	35.21	214.79	10,073.01	250.00
Jan. 1, '12...	.....	35.95	214.05	10,037.06	250.00
July 1, '12...	.....	37.06	212.94	10,000.00	250.00
	$50,000	$335.00	$2,165.00		$2,500.00

Here it will be seen that as the amount invested became less, the interest decreased, while the amortization became greater as the investment became longer, and the final payment of premium came out of the final interest and the bonds stood exactly at par when due.

It will also be noted that the sum of the amortization and the true interest totaled the interest received, and the total received was just five per cent. on the whole sum invested, and the columns balance each other, proving the correctness of the work.

A bond bought below par will amortize backwards, as it were, and all that has been said will apply inversely to this class of investments.

Had these bonds been offered on a $5\frac{1}{4}$ basis instead of the $4\frac{1}{4}$, as in the previous tables, they would have cost but 98.91, or $9,891.00 for the block.

When the first interest is paid, you will receive not the $5\frac{1}{4}$ per cent., but the face rate, 5 per cent., on the par value, $10,000. But you figured on getting $5\frac{1}{4}$ for your money, and so it will be for the full time, for in 1912, when the bonds fall due, you will receive, not the $9,891 you originally paid, but the full face value—$10,000. This will be $109.00

* These figures are taken from the Bond Tables of Montgomery Rollins. If the Extended Bond Tables of Mr. C. E. Sprague were used, the market value would be $10,334.65—a difference of 35 cents—and this is allowed in the last amortization.

more than you paid for them in 1907. This can hardly be the net profit for this year, and in justice to the other years' income, part of the $109.00 should have been credited to the earnings of each year.

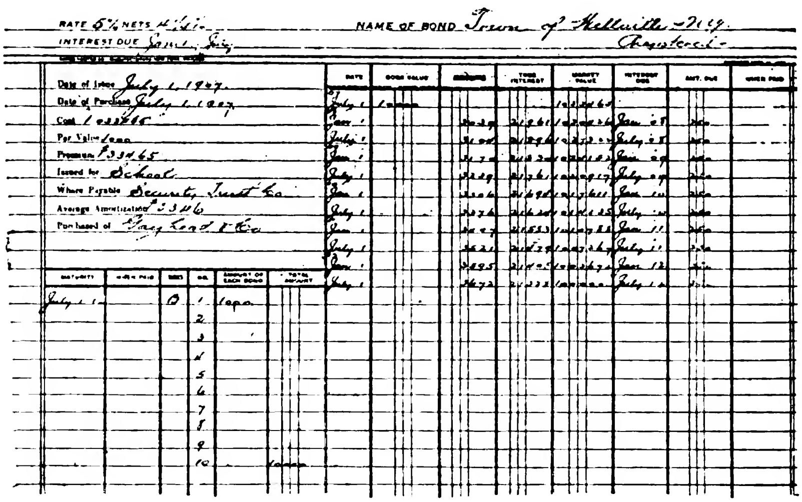
The table will stand as follows:

Date.	Par Value.	Amortization.	True Interest.	Market Value.	Interest Due.
July 1, '07...	$10,000	....	....	$9,891.00	......
Jan. 1, '08...	.....	$9.60	$259.60	9,900.60	$250.00
July 1, '08...	.....	9.87	259.87	9,910.47	250.00
Jan. 1, '09...	.....	10.12	260.12	9,920.59	250.00
July 1, '09...	.....	10.40	260.40	9,930.99	250.00
Jan. 1, '10...	.....	10.79	260.79	9,941.78	250.00
July 1, '10...	.....	10.95	260.95	9,952.73	250.00
Jan. 1, '11...	.....	11.24	261.24	9,963.97	250.00
July 1, '11...	.....	11.56	261.56	9,975.53	250.00
Jan. 1, '12...	.....	11.85	261.85	9,987.38	250.00
July 1, '12...	.....	12.62	262.62	10,000.00	250.00
		$109.00	$2,609.00		$2,500.00

At the end of each year, or as the interest is paid, the bonds are charged with the proper amount and income is credited, so that when the bonds are due and paid, they will stand on the books at exactly $10,000, the amount that will be paid for them.

Below will be found a complete sheet as used by the Home Savings Bank, and a little study will show that it contains on its face all that one need to know about a bond. The exact amortization for any six months; the market value at any interest period during the life of the issue, computed, of course, on the original basis, together with all details concerning the issue.

All this, of course, necessitates bookkeeping, and yet if these facts are worth the knowing, there is but one way to find out, but the information so gleaned is worth all it costs.



PRACTICAL BANKING

DOES THE ACCOUNT PAY?

BY JAMES P. GARDNER.

AS banking, under the pressure of competition and the growing complexity of its relation to commerce, becomes more and more an exact science calling for expert knowledge, closer scrutiny will be given to the accounts of the bank, the deposits of which to such a great degree constitute the sinews of war.

In the aggressive bank no pains have been spared, no labor has been too great to gain an account. The burning desire that haunts the official, day and night, is to devise means to increase the deposits—to get new accounts; but whether those accounts will be on a paying basis is another matter.

The principle of statistical record is highly essential in other lines of business, but it is only recently that banks have begun to realize the importance of such a department. Many ingenious systems have been devised whereby every active account of the bank is carefully scrutinized and each transaction of the account and its relation to profit and loss considered. But so much do local conditions control, and the complex relationships between the banker and his customer enter into the question to such an extent, that no general rule can be laid down. At the same time the following common elements prevail generally, and an executive with these elements clearly in mind can have a good working basis. Briefly, the points to be considered are: The volume of out-of-town checks received from a given account; how closely the account draws against these; the cost of collecting the checks and notes sent in; the rate of interest paid on the average balance of the account the time that the money in payment of out-of-town checks is in suspense. In the case of a national bank the twenty-five per cent. cash reserve must be allowed for. It must always be borne in mind, however, that the personal equation with its infinite ramifications must be carefully considered, and while it is not practicable to record this factor of the human element, it must always be borne in mind.

CHANGE IN THE LAW GOVERNING COMMERCIAL PAPER IN GEORGIA.

AN act approved August 22, 1907, by the Georgia Legislature changes the law governing the payment and presentation for acceptance, or payment of bills, checks, notes, and other evidences of debt, maturing on Sunday, or a public holiday, or presentable for acceptance or payment on Sunday or public holiday. Heretofore the maturity of such items has been the day preceding Sunday or a public holiday. The act is given complete below, and will be found useful in the timing of notes and other papers payable in the State of Georgia:

"Section 1. Be it enacted by the General Assembly of the State of Georgia, That, hereafter, all bills, checks, notes, and other evidences of debt, maturing on Sunday, or a public holiday, shall be payable on the next business day thereafter, and all bills, checks, notes, and other evidences of debt, presentable by their terms for acceptance or payment on Sunday, or on a public holiday, shall be presentable for acceptance or payment on the next business day thereafter. By business day is meant a day other than Sunday or a public holiday.

Sec. 2. Be it enacted, That all laws and parts of laws in conflict with this act be, and the same are hereby, repealed."

AN UNEXPECTED CAUSE OF DELAY.

ONE of the large commercial banks of New York recently forwarded to an interior point in Mexico a draft for a large amount with documents attached covering a shipment of goods for export. When the prescribed time for the receipt of the remittance had passed, a letter was sent to the Mexican bank to learn the cause of the delay, which was accounted for in a letter from the Mexican bank which, broadly translated from Spanish into English, quaintly advised the New York bank "that their letter with its enclosures had been received, and that now the draft had been accepted, but the letter had not been opened upon its receipt as it had been addressed to their cashier, who at the time of the receipt of the letter was absent from the city, and it had been supposed that the letter concerned him privately."

Banks corresponding with bankers in Mexico would do well to remember this incident, and address their letters to the bank and not to an officer thereof.

THE SMALL DEPOSITOR.

THE pressure of competition induces many large commercial banks to accept an account which a decade ago would not have been considered. The conditions which prevail to-day in Great Britain and on the Continent are rapidly being paralleled in our large cities. Economies and sources of profits once regarded as trifling are now the order of the day. The corporate existence of a banking institution not being restricted by the infirmities of age, it may deliberately plan a broad basis for future development by encouraging the small accounts of to-day which to-morrow may be an account of value.

In some cases these small accounts can be handled only by charging a fee for handling them, as is done abroad. This is a source of moderate revenue that has been overlooked by many banks in this country.

THE RETURN ITEM.

SO much annoyance is occasioned by the vague reasons given by banks in returning unpaid items—in fact, the drawer is often at a loss to know if the draft has actually been presented—that the form given below will be found satisfactory if the terms written there are carefully complied with:

COLLECTION RETURNED.

The attached item is returned unpaid. It has been duly presented for payment, or notice sent.

Reason for non-payment, if any given, is endorsed on same.

Respectfully,
NATIONAL EXCHANGE BANK,
Steubenville, Ohio.

In yours Sept. 30th.

NEW FOREIGN POSTAL RATES.

AT the sixth Universal Postal Congress, which convened at Rome on April 7, 1906, at which sixty-five countries and colonies were represented by one hundred and thirty-two delegates, the Congress adopted the proposition of the British delegation to provide for a system of a return postage stamp. This stamp will be in the form of a coupon and will be sold for six cents in the United States, and when forwarded abroad will be exchangeable in the country to which it is sent for a postage stamp of that country of the value or equivalent of 25 centimes. By this means a person writing abroad will be enabled to forward return postage for a reply.

The same Congress also changed the rate of postage on foreign mail to 25 centimes for the first weight of 20 grams, in the United States five cents an ounce, instead of five cents a half ounce as heretofore, and three cents for each weight of an ounce in excess of the first ounce.

Below is given the International Reply coupon. The new rates went into effect on October 1, 1907.

INTERNATIONAL REPLY-COUPON.

(a)...................................(b)

(c)

Stamp of office of origin.	(Design.)	Stamp of exchange office.

(d) This coupon can be exchanged for a postage stamp of the value of 25 centimes, or the equivalent of that sum, in the countries which have adhered to the arrangement.

(Name of the country of issue.)

(a) Translation of the headings in the language of the country of issue.

(b) Price in the country of issue.

(c) This space is occupied by a translation of the text (d).

(d) This explanation is repeated on the back in the languages of several countries.

THE AMERICAN INSTITUTE OF BANKING.

IN our day there is no excuse for the plea once so common that a bank clerk's calling tended to narrow and stunt his mental growth until he became a mere creature of routine. The bank clerk now has opportunities afforded him in the American Institute of Banking, whereby he may profit by the experience of the most able instructors and practical banking men. The instruction by correspondence in banking and banking law, if availed of, will give a studious and ambitious bank clerk a comprehensive knowledge of every department in the bank down to the minutest detail and prepare him to fit himself for the duties in any position in the bank.

CANCELLED VOUCHERS.

AN enterprising bank in Wisconsin has instituted a method to call to the attention of its customers the importance of promptly checking up cancelled vouchers.

In a stout manila envelope the cancelled vouchers to be returned are placed, with a list run up on an adding machine. The customer's name is written on the envelope and the envelopes, accompanied by the passbooks, alphabetically filed. When the customer calls to receive his passbook and vouchers, there is no delay in handing them to him.

WONDERFUL SOUTHERN PROGRESS.

IN his address at the Jamestown Exposition on Maryland Day, Governor Warfield of Maryland gave the following figures in regard to the commercial growth of the South:

"In 1860 the assessed value of all the property in the South was $5,200,000,000. In 1870 it had declined to $3,100,000,000. In 1880 it had declined to $2,800,000,000. To-day it is $20,000,000,000.

The South is now mining more than twice as much coal as the country mined in 1880, is making more than three times as much coke, more than twice as much lumber, and nearly as much pig iron.

In 1880 the South produced 5,761,000 bales of cotton. In 1906 the production was 13,500,000 bales. and this year the South will pick a cotton crop worth $900,000,000. Think of it! And the production of other farm products has increased in the same ratio.

The foreign commerce of the chief Southern ports has grown in twenty-five years as if by magic. That of Brunswick, Ga., grew between 1880 and 1906, from less than $8,000,000 to $13,000,000; Fernandina, from $296,000 to $6,700,000; Newport News, from $7,000,000 to $23,000,000; Savannah, from $32,000,000 to $66,000,000; Wilmington, N. C., from $7,000,000 to $19,000,000; Galveston, Texas, from $25,000,000 to $227,117,921; Mobile, from $3,500,000 to $26,000,000; New Orleans, from $123,000,000 to $190,000,000; Pensacola, from $3,500,000 to $19,000,000; Tampa, from $500,000 to $6,000,000, and Baltimore, from $87,000,000 to $110,000,000."

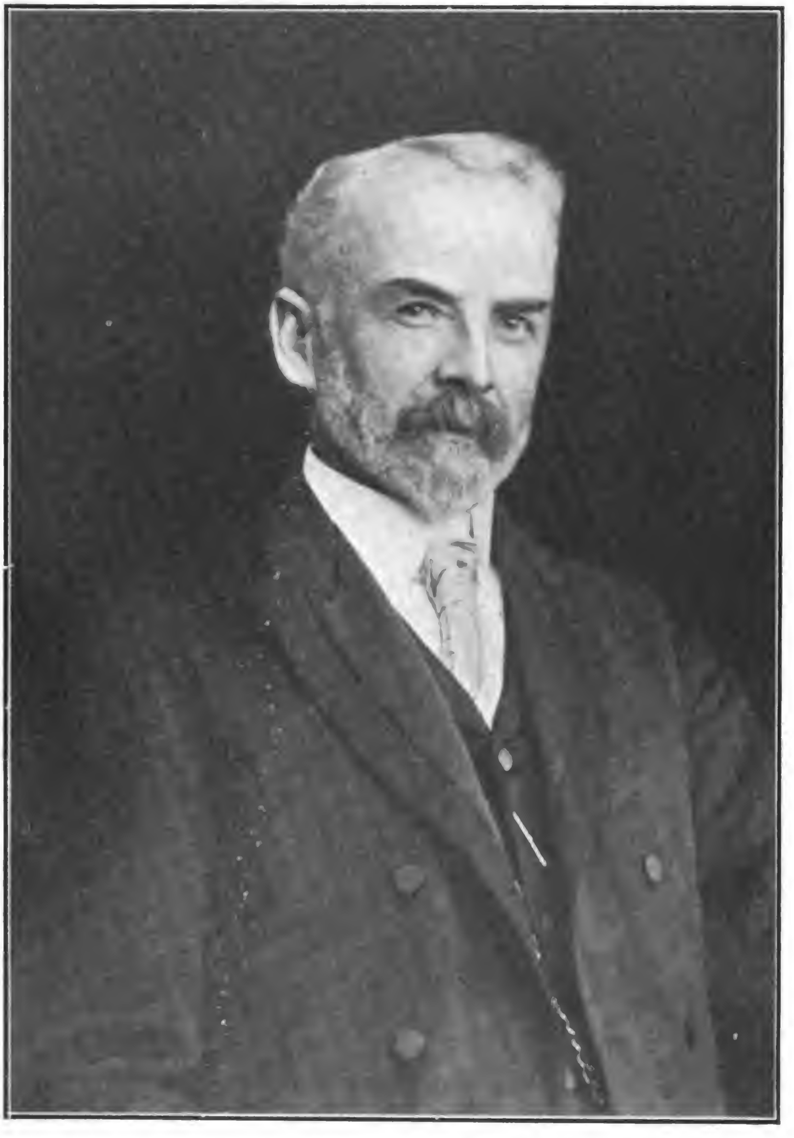
SUPERINTENDENT NEW YORK STATE BANKING DEPARTMENT.

On the twenty-third of October Governor Hughes appointed Clark Williams, vice-president of the Columbia Trust Company of New York, superintendent of the Banking Department of the State of New York. Mr. Williams has entered upon the discharge of his duties, and his appointment is regarded with general approval.

Mr. Williams was born in Canandaigua, N. Y., in 1870, and is a grandson of Myron H. Clark, Governor of New York State from 1854 to 1856. His father was Capt. George N. Williams, for many years a

CLARK WILLIAMS.
Superintendent Banking Department, State of New York.

banker in Canandaigua. Mr. Williams prepared for Williams College in the Canandaigua Academy and was graduated in the class of 1892. He then took a position in the First National Bank of New York. After serving for a year as clerk in the New York Guaranty and Indemnity Company, he became connected with the United States Mortgage and Trust Company, holding the office of assistant secretary, assistant treasurer, treasurer, and vice-president. He left the United States Mortgage and Trust Company to participate in the organization of the Columbia Trust Company two years ago, and became vice-president of that company. He was president of the Trust Company Section of the American Bankers' Association in 1906, and he has served on the executive council of the association for the last four years.



HON. FRANK A. LEACH,
Director of the United States Mint.

THE NEW DIRECTOR OF THE MINT.

AFTER having served for ten years as superintendent of the United States Mint at San Francisco, Hon. Frank A. Leach was appointed Director of the Mint, and entered upon the discharge of his duties October 14.

During the time he held office at San Francisco, Mr. Leach established a high record for efficiency, and his services to the banks and business interest of the city at the time of the great fire and earthquake were especially noteworthy.

Though a resident of the Pacific Coast for many years, Mr. Leach is of Eastern birth, having been born in Cayuga County, N. Y., in 1846. He went to California with his parents in the pioneer days.

After obtaining a high school education, he entered the office of a country newspaper with the determination to learn the printing business. After working at the employment of printer and reporter for two or three years, then at the age of nineteen, he started a publication of his own, a daily paper in the town of Napa, the home of his boyhood. He bore the distinction for several years of being the youngest publisher of a daily newspaper in the state.

Mr. Leach continued in the newspaper business as publisher for thirty-three years, during which time he brought into existence five newspapers. Three of these are still being published by those who succeeded him in the ownership.

While absent from home on an extensive trip, and without his knowledge, he was made a candidate for the Legislature. In 1880, and in the following legislative year, he served the state as representative from Solano County. At the last session he was solicited to accept the Speakership, but declined.

In 1882, unsolicited, he was appointed postmaster of Vallejo, Cal., and was the first commissioned officer in the state to be removed from office by Mr. Cleveland when he became President. (The cause given was "offensive partisanship.")

In 1886 Mr. Leach returned to Oakland, selling his other papers, and concentrated his energies in the publication of the "Oakland Enquirer," in conjunction with Mr. A. B. Nye, now State Comptroller of California. This paper became a strong factor in the politics of that part of the state, and was one of the three daily papers in the entire state that was on the right side of the silver question, when that craze spread over the Western states in 1896.

Mr. Leach had several opportunities to accept official positions during his career in Oakland. He was tendered and strongly urged to accept the postmastership of Oakland, but firmly declined that honor.

When the superintendency of the United States Mint at San Francisco was offered to him in 1897, having an opportunity to dispose of his newspaper property, he entered upon Federal service, remaining in the position of superintendent until appointed Director of the Mint, the duties of which position he recently assumed.

Mr. Leach's family consists of his wife, who has been his steadfast helpmate and companion for thirty-seven years, and four boys, all of whom have reached the age of manhood. The eldest, Frank, is manager of the Electric Light, Power and Gas Company, of the cities on the east side of San Francisco Bay—Oakland, Alameda and Berkeley; Abraham P. is a prominent attorney; Edwin R. is a mining engineer, and Harry E. is a law student, now taking a post-graduate course, in the Washington College.

DISTRIBUTION OF RAILWAY HOLDINGS.

AN indication of the number of people dependent for a whole or a part of their incomes upon the prosperity of railroads is afforded by a compilation just completed of the holdings of Pennsylvania Railroad Company stock on October 1, 1907.

The total outstanding capital stock of the company on that date was $312,061,900, divided into 6,241,238 shares. These shares were held by 49,572 persons, the largest number of stockholders in the history of the company. The average holding of each of these persons was 126 shares, of a par value of $6,300. During September the number of holders increased 674, while the average number of shares owned by each holder was reduced by two shares.

Of the total shareholders, 23,259, or 46.92 per cent. of the whole number, were women. This was an increase of 296 over the month of August.

These figures further disclose the fact that 19.27 per cent. of the entire capital stock of the company is held abroad. On October 1, there were 8,536 shareholders in foreign countries, with average holdings of 141 shares each.

In this country, there were 14,964 shareholders located in the State of Pennsylvania, the average individual holding in that state being 103 shares. The total number of holders in that state was increased by 135 in September. In New York State there were 7,646 shareholders, this being 82 more than on September 1.

Recently there has been an addition of about 200 shareholders, probably bringing the total number of stockholders in this company up to more than 50,000.

When to this figure is added the many thousand shareholders in companies controlled and managed by the Pennsylvania Railroad, not to speak of the other thousands of bondholders in the parent and subsidiary companies, the intimate relationship of the net earnings of this road to the lives of a very large number of people scattered all over the world will be better appreciated.

BANK FAILURE IN GERMANY.

ON October 16 the private banking firm of Haller, Soehle & Co., Hamburg, Germany, suspended. The firm had long held a high reputation, having been in business for seventy-seven years. It is estimated that the liabilities amount to $7,500,000.

GOLD AND SILVER PRODUCTION OF THE UNITED STATES.

HON. GEORGE E. ROBERTS, who retired from the position of Director of the Mint on August 1, 1907, has completed the compilation of the statistics on the production of gold and silver in the various states and territories of the United States for the calendar year 1906. Mr. Roberts estimates the production of gold in the United States during the calendar year 1906 to have been $94,373,800, as against $88,180,700 for the calendar year 1905, a gain in 1906 of $6,193,100.

The total production of silver in the United States during the calendar year 1906 is given as $56,517,900 fine ounces of the commercial value of $38,256,400, as against 56,101,600 fine ounces of the commercial value of $34,221,976 in 1905.

The average price of silver for the calendar year 1905 was 0.61027 per ounce, as against 0.67531 for the calendar year 1906. The approximate distribution made by Mr. Roberts of the production of the producing states and territories of gold and silver for 1905 is as follows:

	Gold. Value.	Silver. Fine Ozs.
Alabama	$23,500	100
Alaska	21,365,100	203,500
Arizona	2,747,100	2,969,200
California	18,832,900	1,517,500
Colorado	22,934,000	12,447,400
Georgia	23,700	300
Idaho	1,035,700	8,836,200
Michigan	....	186,100
Missouri	....	31,300
Montana	4,522,000	12,540,300
Nevada	9,278,600	5,207,600
New Mexico	266,200	453,400
North Carolina	30,900	24,700
Oregon	1,320,100	90,700
South Carolina	74,600	100
South Dakota	6,604,900	155,200
Tennessee	800	25,600
Texas	3,400	277,400
Utah	5,130,900	11,508,000
Virginia	10,300	100
Washington	103,000	42,100
Wyoming	5,700	1,100
Total	$94,373,800	$56,517,900

SIR FELIX SCHUSTER, BART.,
Governor of the Union of London and Smith's Bank, London, England.

A PROMINENT LONDON BANKER.

AS the world's great money centre, London has developed a class of bankers who are capable of dealing with financial and economic questions of much deeper significance than those coming within the scope of ordinary banking transactions. One of the highest type of bankers in London, and among the best known—not only there, but in international financial circles—is Sir Felix Schuster, Bart., Governor of the Union of London and Smith's Bank.

While the Union Bank of London itself is not very old, measured by the average age of banks in the City, having been established in 1839, it represents, in the successive amalgamations that have been made, some of the oldest banks and private bankers in the United Kingdom, namely:

Smith, Payne & Smith's, established 1758; Samuel Smith & Co., Nottingham and Mansfield, established 1688; Smith, Ellison & Co., Lincoln, established 1775; Samuel Smith Bros. & Co., Hull, established 1784; Samuel Smith & Co., Derby, established 1806; Samuel Smith & Co., Newark-on-Trent, established 1688; Wigan, Mercer Tasker & Co., Kentish Bank, Maidstone, established 1818; Prescott's Bank, Limited, consisting of: Dimsdale, Fowler, Barnard & Dimsdales, established 1762; Prescott, Cave, Buxton, Loder & Co., established 1766; Miles, Cave, Baillie & Co., Old Bank, Bristol, established 1750; Sanders & Co., Exeter Bank, established 1769; Milford, Snow & Co., City Bank, Exeter, established 1786; Tugwell & Co., Old Bank, Bath, established 1760; Moger & Son, City Bank, Bath, established 1815; Deane & Co., Winchester, established 1787; Bulpett, Hall & Co., Old Bank, Winchester, established 1789; Hilton, Rigden & Rigden, Faversham Bank, established 1796; Thos. Butcher & Sons, Old Bank, Tring, established 1836; Harwood & Co., Old Bank, Thornbury, established 1808, and The London & Yorkshire Bank, Limited.

The amalagmation of Smith, Payne & Smith's Bank was important not only on account of the great age of this institution, but from the further fact that this amalgamation was probably the largest ever carried through in England.

The Union of London and Smith's Bank has a paid-up capital of £3,554,785, and a subscribed capital of £22,934,100. The reserve fund —or as it would be called in the United States, the surplus—amounts to £1,150,000. Current accounts are £23,989,668 and over, while deposit accounts exceed £12,494,700, the total of the two items being £36,484,369. The footings of the balance sheet of the bank according to the statement of accounts for the half-year ending June 30, 1907, were £44,762,733, or more than $223,000,000.

In addition to the principal office at 2 Princes Street, Mansion House, E. C., the bank has thirty-three metropolitan and suburban branches and 135 country offices.

Sir Felix Schuster is the third son of Francis Joseph Schuster, of the firm of Schuster, Son & Co., merchants and bankers, London, and was born at Frankfort-on-Main April 21, 1854. His earlier education began abroad and was completed at Owen's College, Manchester.

He commenced business with his father's firm, in his native place, but in 1873 went to London where, after six years, he became a partner in the firm. His connection with the Union Bank dates from 1888, when he was chosen a director, and in 1893 he was elected Deputy Governor succeeding to the position of Governor when Mr. Ritchie was appointed President of the Board of Trade.

Sir Felix has on several occasions strongly advocated the advisability of strengthening the gold reserves of the Bank of England and the joint stock banks, and his views on this and other banking and economic subjects have been widely discussed in London and abroad. He published two addresses on the question of British gold reserves, in 1905 and 1906, and in 1903 published a pamphlet on "Foreign Trade and the Money Market," in opposition to Mr. Chamberlain's tariff reform campaign. This was generally regarded as the most important publication on the free trade side, and was replied to by Mr. Chamberlain when speaking in the City. Mr. Schuster stood as the free trade candidate to represent the City of London in Parliament in 1905, but was not successful. His public services and financial connections have been, and are, quite extensive and important, as may be seen from a bare enumeration of them: Member of the Royal Commission on London Traffic, 1903-1905; member of the Board of Trade Commission for the Amendment of Company Law, 1905; created a Baronet, 1906; member of the Council of India, since 1906; member of Departmental Committee of the India Office on the Railway System of India, 1907; member of the Advisory Board of the War Office on the Higher Education of Officers, 1906; member of the Council of London University; a Governor of the London School of Economics; chairman of the Council of the London Chamber of Commerce, 1905-1906; elected president of the Institute of Bankers, 1907; Deputy Chairman of the Central Association of Bankers, and of the Committee of the Association of English Country Bankers, and member of Committee of London Clearing Bankers.

Besides having a comprehensive grasp of problems of national and international finance, Sir Felix is thoroughly conversant with the practical details of banking. Like most successful men, he has the faculty of surrounding himself with associates who do not work for but *with* him; in other words, by showing a sympathetic interest in the bank's staff, he gains the ready co-operation of his subordinates. He does not allow his business affairs or economic studies to absorb his entire time and thought, but gives due attention to other affairs, being especially fond of music, the fine arts and out-door recreation.

MEXICO AS A FIELD FOR UNITED STATES CAPITAL AND ENTERPRISE.

IN accordance with plans announced some time ago, THE BANKERS' MAGAZINE will shortly begin the publication of a series of carefully-prepared papers relating to Mexico as a field for United States capital and enterprise. The amount of American capital already invested there is known to be large, and numerous citizens of the United States have found in Mexico profitable openings for various enterprises. The great Southwestern Republic is now undergoing rapid development and capital is being attracted to a greater extent, perhaps, than at any time in the country's history.

Although possessing an ancient civilization, Mexico remains a land of rich latent resources, and few countries now offer richer returns for enterprises properly inaugurated and judiciously carried on. But as the country differs in many respects from the United States and from the countries of Europe, the most careful investigation should precede the making of investments. The information necessary for such preliminary study can be supplied only by those familiar with the conditions through actual experience.

In beginning the series of articles above referred to, THE BANKERS' MAGAZINE has been fortunate in securing a paper from Mr. George D. Cook, whose firm of George D. Cook & Co., New York city, has successfully managed several large loans for the Mexican Federal and State Governments. The prominence attained by Mr. Cook in these transactions, as well as his reputation as a conservative banker, lends interest to the following brief sketch of his career.

George Dillwyn Cook, son of Elisha Cook and Mary Ann Ladd, was born at Richmond, Jefferson County, Ohio, February 27, 1845. Up to the age of twelve years, he was educated at home and at the local public school. For the next two years, he attended college at Mount Pleasant, Ohio, and thereafter, for a short time, he was a student at Earlham College, Richmond, Indiana. While pursuing his studies, from his twelfth to his sixteenth year, he was also gaining a practical knowledge of business, being employed during vacations by his father in his store as a wool-buyer. This training was of much value to him in preparing him for the business operations of after life. The boy had, by the way, a strong bent toward all mathematical studies, and from his earliest years in school "kept accounts" with more than ordinary care and accuracy.

At the age of eighteen, young Cook left home and went to Pittsburg, where he took a thorough course at Duff's Commercial College. A few years later he became a business man on his own account, as a member of the firm of Cook Brothers & Co., wholesale provision dealers. That, however, was not altogether to his liking, and in 1869 he went west to Oskaloosa, Iowa, and there established himself in the dry goods business. Two years of this undertaking, though profitable, were enough to

GEORGE D. COOK.

convince him that he had not yet found his true place, so he sold out, and started the financial house of O. M. Ladd & Co., at Ottumwa, Iowa. Its business was chiefly the loaning of money on mortgages for farm improvements, etc., and at that time he negotiated at least $1,500,000 of good farm loans, none of which were ever foreclosed. The firm also commenced the purchase of municipal, county and state bonds, and soon became highly successful.

This was Mr. Cook's start in finance, and from it he proceeded to enlarged activities and greater achievements. He went to Chicago in

1878, and became interested there in the handling of investment securities. Since that time, many millions of dollars' worth of such securities have passed through his hands, without a single default of principal or interest. Mr. Cook has always been careful and conservative in recommending securities to his patrons, and hence has attained a particularly substantial form of success.

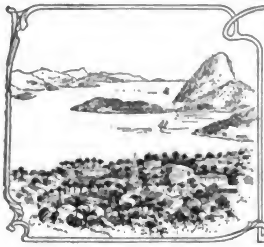
One of his largest undertakings was in assisting the Government of Mexico to refund that Republic's loan of one hundred and ten million dollars. He first heard of its desire to do so in December, 1895. He went to the City of Mexico and had personal conferences with President Diaz and the Minister of Finance, Jose Ives Limantour. He convinced them that it would not be necessary to look to Europe for funds, but that all the needed capital for the operation could be secured in the United States. Subsequent to that time, his company, in 1898, sold in the United States one million, five hundred thousand dollars' worth of bonds purchased from the State of Jalisco, Mexico, the first foreign securities sold in this country. Later on, they sold another $1,000,000 of these securities. By the sale of the State of Jalisco bonds, and the consummation of the Government loan before mentioned, Mr. Cook made for himself a lasting friendship with President Diaz, and other high Mexican officials, to be added to like relations already existing with the leading financiers, railroad managers and business men of the United States.

Mr. Cook is now the senior member of the firm of George D. Cook & Co., bankers, New York city; president and director of the Turner-Fink Company, president of the Mexican Mineral Railway Company, with headquarters in New York; a director in the Mexican Lead Company, with offices in New York city; president and director in the Cafetal Carlota Company; president and director of the Thompson Avenue Realty Company, president and director in the Maurice Realty Company, and director in the Dauphin Realty Company and the Conestoga Realty Company.

He is a member of the Union League Club of Chicago, Ill.; the New York Club, the Lawyers' Club, the City Midday Club, the Ohio Society of New York, the Illinois Society of New York, and the Iowa Society of New York.

OBJECTS TO "ATTACKS ON CAPITAL."

IN a recent communication to the New York "Evening Post," "A. Looter" says: "These 'hits at capital' and 'interference with the industries of our country' must be halted. Our stock gamblers say so; our 'captains of industry' say so; the looters of our railroads and city railways say so; the promoters of corporations who have been made rich from the billions of dollars of watered stock sold to our swindled citizens say so; the voice of the prophet is heard in the land. Let robbery and jobbery and corruption and rebating and dishonesty and looting go on in our country, but for Heaven's sake let this 'hitting at capital' and the 'industries of our country' be stopped."



LATIN AMERICA

BANKING IN ECUADOR.

IN answer to a Pennsylvania inquiry, Consul-General H. R. Dietrich states that the port of Guayaquil offers many inducements that ought to be looked upon as encouraging for the establishment of an American bank. He explains:

I am sure that the establishment of such an institution would meet with the approval of a great many of the citizens here, and I have been informed that a considerable amount of the capital could be raised locally. To give a further idea of the banking business here, it may be stated that the banks buy drafts from the exporters, with bill of lading attached, drawn on London, Paris or Hamburg at ninety days' sight, and on New York at sixty days' sight, paying 2½ per cent. less than their selling prices. Out of the 2½ per cent. the banks have to pay their discount on the ninety days or sixty days and the banking commission abroad for accepting and paying their own drafts. When exporters offer sight or three days' sight drafts, the banks buy them at 1¼ per cent. less. Drafts, as a rule, are drawn against produce shipped, principally cocoa, hides, rubber, coffee, ivory nuts and straw hats (Panama hats), on banks, banking houses, or first-class commercial houses. Banks draw at three days' sight only.

The rate of discount is at present 8 per cent. per annum. Only the best commercial paper is handled, which must not have more than six months to run. These documents (pagares) are generally signed by merchants to merchants for goods actually purchased. No accommodation notes are accepted for discount at the banks, nor do the banks give any blank credits. Banks only operate with those who keep an account current with them. No interest is paid on sight deposits or in account current. On time deposits the following interest percentage per annum is paid by the banks: Fifteen days, 3 per cent.; three months, 4 per cent.; six months and twelve months, 5 per cent. For collecting and remitting foreign drafts 1 per cent. is charged by the banks.

Present Banks and Their Operations.

There are four banks in Guayaquil, their capital stock being stated in sucres (sucre equals 48.7 cents), as follows: Banco Comercial y Agricola, 5,000,000; Banco del Ecuador, 3,000,000; Banco de Credito Hipotecario, 1,000,000, and Banco Territorial, 400,000. There are also two small savings banks with a capital of 100,000 and 50,000 sucres, respectively. The Banco Hipotecario and the Banco Territorial are only mortgage banks. The Comercial y Agricola, besides doing a general banking business, also operates in mortgages. All four are what might be called national banks, being established under the banking laws of this Republic; they have the advantage of being allowed to issue notes. Private banks and banking houses can do all the banking business they wish to, but cannot issue any paper notes. National banks are taxed per cent. on their yearly profits. Private banks, banking houses, or merchants, have to pay yearly 3 per mille (thousand) on the capital they are working with.

Mortgage banks issue for every operation they make warrants called "cedulas," which the bank may keep or sell to the public. The cedula bears 9 per cent. interest, which is paid semi-annually by the bank to the holder of the same, for which purpose the cedulas are provided with coupons. The cedula being issued by the bank, is guaranteed by the bank's capital and the mortgage on the property, and is considered here the safest paper. The party who gives a mortgage to the bank generally does it for twenty-five years, paying the interest semi-annually, including amortization and profits, or 11.80 per cent. per annum in all, out of which the bank pays the 9 per cent. per annum to the holder of the cedula, 1 per cent. is for the sinking fund or amortization, and the balance is the profit of the bank.

The bank only gives 50 per cent. of the real value of the mortgaged property and holds the insurance policy on the same (when city property) for an equal amount. The banks also give money on shorter periods, such as ten, fifteen, or twenty years, but as a rule the twenty-five year table is taken. Every six months the banks, by drawing lots, call in and pay an equal amount of cedulas as paid to them in cash by the parties who have given them the mortgages. The cedulas called in by the banks are paid at par. A mortgage, although made for a fixed time, may be canceled at any time, and the bank must in that case call in and pay these cedulas at once.

Guayaquil's present officially estimated population is 70,000, and it is safe to assume that when the Panama Canal is completed it will become one of the most important ports on the west coast of South America.

NEW STEAMSHIP LINE TO PERU.

IN a published report Consul C. C. Eberhardt referred as follows to the lack of any direct means of transportation between New York and the Peruvian port of Iquitos, on the headwaters of the Amazon:

"The New York trade has increased so greatly during the past year that it seems quite likely that direct means of transportation will soon be established between New York and Iquitos, in fact, I am reliably informed that steps are now being taken with that end in view."

Supplying further information on this subject, the consul now quotes as follows from a communication received by the local manager of the Iquitos Steamship Company (Limited), from the Booth Steamship Company (Limited), which controls the Iquitos company.

"Our present intention is to start a direct Iquitos-New York service with the steamship Bolivar, leaving Iquitos about the middle of October, to be replaced at an early date on the route by the Napo, which will carry on the trade in conjunction with the Ucayali."

The local manager interprets this advice as meaning that, commencing in October, the three steamers Bolivar, Napo, and Ucayali, will be placed in direct service between New York and Iquitos, sailings being made every six weeks. This should be an immense advantage to our shippers at home. Heretofore, while boats for the Amazon have sailed from New York every ten days, freight for Iquitos has been shipped but once a month, and even that has been transferred at Manaos for further shipment up river to Iquitos. This transfer besides damaging the goods by extra handling and presumably increasing the freight rates, has also resulted in the loss of much time, a shipment from New York usually requiring from forty-five to sixty-five days.

With the necessity for this transshipment obviated, it is presumed that the freight charges will be somewhat reduced, the length of the journey should not be more than thirty to thirty-five days, and the goods themselves should be received in Iquitos in much better condition than heretofore.

BRAZILIAN STEAMSHIP LINES.

THE Lloyd Brazileiro Steamship Company recently brought to Rio de Janeiro three vessels from England for use on Brazilian routes. Two of them were for coastwise trade, the third to be used in the New York trade. Of this third vessel, the Acre, the "Brazilian Review" says: "The Acre is smaller than the other two and is intended for the New York trade." This is the line aided by the Brazilian Government, which is meeting with opposition from the foreign lines that operate in combination. There has been a large reduction in rates to New York since the Brazilian line started, though it does not sail direct, making stops on the way.

The purchase by the Hamburg South American Steamship Company of the New York-Brazilian line of the Union Shipping Company has started a rate war by the Lamport and Holt line, which, according to the Frankfurter Zeitung, has brought about a reduction in rates from Brazil to Europe from $8.40 to $3.60. This is said to mean a saving of nearly $25,000 on a cargo of 80,000 bags of coffee.

JAPANESE LABOR IN BRAZIL.

THE "Brazilian Review" says: "Whilst San Francisco has 'no use' for the Japanese immigrant this country is not behindhand in welcoming him to her shores. There has never been any opposition to Japanese immigration in this country, where labor is so sorely needed, and ere long several thousand Japs will be amongst us, the forerunners, it is to be hoped, of many more thousands. Now that the United States is practically shut to them the Japanese are certainly turning their attention more to this country and to Canada. In Canada there has been some opposition, but it is to be believed that it only has the sympathy of a small minority of Canadians. The men are described as superior to the ordinary coolie class and most of them arrive in Canada without any work arranged for them in advance. Here, we understand, such is not the case, but that the Immigration Department will arrange for the destination of all immigrants the moment they arrive."

BOOKS RELATING TO SPANISH AMERICA.

A LIST of books relating to Spanish America has been received from the Spanish-American Book Company of 200 William Street, New York city. The list includes books on the natural history of the tropics, the pirates, Texas, Florida, California, Mexico, the Mexican War, the Philippines, archaeology, early travels, Columbus and other discoverers, biography, Humboldt's works, etc., and will prove a valuable guide to anyone desiring to become acquainted with the history and resources of Latin America.

NATIONAL REVENUE OF MEXICO.

CONSUL-GENERAL A. L. M. GOTTSCHALK, of Mexico City, reports that the following interesting figures, showing the yearly increase in the cash revenue of the Federal Government of Mexico in fiscal years since 1895, have recently been made public, the amounts being in United States currency:

1895-96	$25,265,785
1896-97	25,750,314
1897-98	26,348,002
1898-99	30,068,806
1899-1900	32,130,538
1900-1901	31,499,402
1901-2	33,073,524
1902-3	38,011,708
1903-4	43,236,900
1904-5	41,041,943
1905-6	50,986,311
1906-7	56,500,000

BRAZILIANS TO VISIT THE UNITED STATES.

AS a result of Mr. Root's visit last year to Brazil, thirty prominent business men from Rio de Janeiro have come to New York to make a tour of the principal cities of the United States. In addition to the manufacturing centres, the Brazilians will visit Niagara Falls, Washington, Boston, Philadelphia, and Baltimore.

Their programme has been arranged by Thomas Cook & Sons.

ITALIAN-MEXICAN ARBITRATION.

A DISPATCH from The Hague, under date of October 15, says: "Count Tornielli and Señor Esteva, representing respectively Italy and Mexico, approved definitely to-day the text of the Italo-Mexican arbitration treaty. This treaty is very similar to the Italo-Argentine treaty, differing only in the preamble and one or two clauses.

The preamble sets forth the mutual desire of the contracting powers to consecrate through general accord, the principle of obligatory arbitration; they, therefore, conclude a convention to this end, appointing plenipotentiaries for Italy and Mexico.

FREDERICK B. SCHENCK,

PRESIDENT LIBERTY NATIONAL BANK, NEW YORK.

WHAT can be accomplished by steadfast adherence to sound banking principles is well illustrated by the career of Frederick B. Schenck, president of the Liberty National Bank of New York. While president of the Mercantile National Bank, he maintained the high reputation that institution had long enjoyed as a thoroughly sound commercial bank, and at the same time largely increased its business.

FREDERICK B. SCHENCK,
President Liberty National Bank, New York.

When in January of the present year Mr. Schenck left the Mercantile Bank to become president of the Liberty National Bank, it was well understood by those conversant with his character and abilities that he would prove a valuable acquisition to that already strong and well managed bank. The results have justified that view. Deposits have gradually but steadily increased until they now exceed $13,000,000; while the impregnable strength of the bank is indicated by its capital of $1,000,000, surplus of $1,500,000, undivided profits of $860,000, and by the further fact that the bank has available in cash demand loans and due from banks the sum of $8,000,000. Its entire resources of nearly $18,000,000 represent the cleanest class of banking assets.

Mr. Schenck is a representative of the many real bank men who have given to this city a world-wide reputation for financial sagacity and financial strength. His success illustrates a point that is likely to be obscured in these meteoric times, namely, that to achieve really great and worthy things it is not necessary to depart to any extent from those age-long principles upon which the fabric of enduring prosperity must be built.

A BANKERS' REUNION.

THROUGH the courtesy of Milton C. Roach, a number of bankers from New York city and vicinity had the pleasure of a visit to Ellenville, N. Y., on Saturday, October 19, where they inspected the plant of the Huntoon Spring Water Company, and explored the tunnel in the side of the mountains whence flows "Sun Ray," described as "the purest spring water in the world."

Mr. Roach, who is secretary and treasurer of the company, was formerly passenger agent for the New York Central Lines, and in that capacity conducted a special party of bankers to the conventions of the American Bankers Association at San Francisco in 1903 and St. Louis in 1906. These gentlemen, with their ladies, were invited to become the guests of Mr. and Mrs. Roach, and over one hundred responded in person. A delightful day was passed, the trip being made in a special train composed of parlor and dining-cars, luncheon being served on the trip to Ellenville and dinner on the return journey. At Ellenville the visitors were taken in carriages to the various points of interest.

Sun Ray spring water flows through a tunnel cut in the solid rock, the tunnel being 515 feet in length, six feet high and four feet wide. It is believed that this tunnel was made by the Spanish, perhaps two centuries ago, and its existence— long a matter of local tradition—was only recently discovered.

The bottling plant of the company is a large establishment, equipped and managed in accordance with modern ideas.

Returning to New York the party enjoyed a moolight ride through the mountains and the Highlands of the Hudson.

Among those present were: Rear Admiral Joseph B. Coghlan of the United States Navy; Philip Babcock, vice-president Trust Company of America, New York; Col. James R. Branch, former secretary American Bankers' Association; A. T. Docharty, United Surety Co.; Joel B. Erhardt, president Public Accountants' Corporation; H. B. Fonda, treasurer Trust Company of America; E. D. Fisher, secretary Flatbush Trust Co.; A. A. Knowles, vice-president Mechanics' National Bank; Hon. C. A. Pugsley, president Westchester County National Bank, Peekskill; Frederick Phillips, secretary Lincoln Trust Co.; A. J. Skinner, Third National Bank, Springfield, Mass.; A. C. Snyder, vice-president Flatbush Trust Company; M. D. Simpson, Lincoln National Bank; Clark Williams, vice-president Columbia Trust Company.

LAWRENCE L. GILLESPIE,
Vice-President Equitable Trust Company, New York City.

CAPITAL BORROWING BY COMMERCIAL HOUSES.

FIXED CAPITAL AND LOANS VERSUS MOVABLE CAPITAL AND LOANS, ECONOMICALLY TREATED.

By LAWRENCE L. GILLESPIE, VICE-PRESIDENT EQUITABLE TRUST COMPANY, NEW YORK.

A GREAT deal of misunderstanding has existed lately as to the difficulty of commercial houses in getting loans and having old loans renewed, and the conclusion has often been reached by uninformed persons that because somehow this should have not occurred the financial resources of the country are to blame, and that commercial firms, owing to the nature of their business, are compelled to borrow and ought always to be able to do so. Let us see if this is so.

It is obvious that borrowing is renting capital by the person who has it not, or who has it not in sufficient quantity, from the person who has it and is willing to part with it temporarily for a consideration. The desire of the borrower may be to have it either for a short time or a longer period.

Capital is the wealth that has been accumulated and is being used in connection with labor and land with the object of increasing the value of the wealth invested or of earning good returns upon it; as where a man invests his money in a mill and rents or buys the land and hires the required labor.

The capital which he requires for his enterprise is of two classes; or, rather, it is devoted to two separate purposes, namely, that which goes into fixed capital and that which goes into movable capital.

According to the generally recognized principle, fixed capital is that which is invested in the plant and which remains permanently established from year to year, and any improvements or additions to the plant or machinery become in themselves part of the fixed capital. This part of the capital of the enterprise cannot be withdrawn or loaned or substituted during the seasons of the year when perhaps the whole or some part of it may not be useful to the enterprise.

The movable capital, however, is being actively engaged in making possible the operation of the fixed capital and may be turned over, altered, converted or loaned. To this capital are added the earnings of the company, which become either surplus or additional working capital or are added to the fixed capital, in case of permanent improvements to property, or are distributed to the owners of the property in the form of dividends. In the case of the mill it is the surplus kept on deposit in banks or trust companies or in outstanding loans which is drawn upon for the wages of the labor and salaries of superintendents and officers, for lighting, heating and keeping the properties in repair, and for purchasing the raw materials which are to be converted into the finished product of the mill, which in its turn is to be disposed of to the public or the jobber, in order to reimburse the mill owner for all his expenditures and interest on his investment, with anything over and above this as profits.

Now, it is to this distinction between fixed and movable capital that particular attention is directed at this time, for the distinction is as important to the lender as it is to the borrower. If it is important to the mill owner carefully to study how much is going into his surplus and how much, under one pretext or another, is being spent in additions to plant or in increases of salaries, it is equally important to the lender when the mill owner comes to him to negotiate a loan to know just what part of the business requires the money. We therefore in practice find that the lender carefully scrutinizes the statement of the mill and its earnings and, perhaps unconsciously, he distinguishes between a "fixed" loan and a "movable" loan. There is, from his point of view, considerable difference in the class of security underlying the two classes of loan. If he studies the earnings and knows the volume of business being done, he makes pretty sure that as soon as the finished product is disposed of the mill owner will want to pay off his loan in order to save interest charges. If this loan is made again, the same examination of the company and the disposition to be made of the money will follow. In the case of a "fixed" loan, or where the money is desired for fixed capital, the enlargement of the mill, purchase of new or more elaborate machinery, or other permanent improvements or extensions, the lender is likely to know that his loan will have to run for a longer period of time and can be paid off at maturity only in one of three ways, namely, first by placing the loan elsewhere, secondly by paying it out of earnings or, thirdly, by the mill owner increasing his own investment, cancelling the loan and increasing the fixed capital. The lender may have his own opinion as to the probability of any of these events taking place. He also may feel that if he is putting up the capital money of the business, with the possibility, in the contingency that the note is not met at maturity, of having to take over the property and run the business, he is entitled to a high rate of interest for his money, as he is taking the risk without other chance of profit.

The above discussion of capital and loans naturally leads us back to present conditions as exemplified throughout the country by the small business man or average commercial enterprise. The writer carefully inquired from bankers attending the American Bankers' Convention at Atlantic City last month, especially selected as representing far separated states, and was uniformly told that the average commercial enterprise was able to obtain its usual line of discounts, the movable loans described above, and that it was only where enterprises were being carried on borrowed capital, where there were notes and commercial paper maturing and without any material reduction were being offered again, or, in other words, where "fixed" loans were coming due or being offered, that any difficulty was being experienced.

From this we conclude that the average business of the country is in a sound condition, that commercial houses which have been accustomed to carry nearly permanent loans should gradually reduce them by accumulating their profits and reinvesting them in the properties.

Returning then to the main questions at the opening of the discussion as to the responsibility for the embarrassment of commercial houses in getting new loans and having old ones renewed, we should examine conditions to see whether the firms are carrying on their business on too much borrowed capital, in which case their own imprudence is to blame, or whether, on the other hand, they are only asking reasonable accommodation in proportion to the volume of their business, in which case it would seem that they should receive their usual credit.

BANKING PUBLICITY

"THE BANK WITH A RECORD."

THERE is no better test of a bank's efficiency and strength than its record, and nothing can more adequately serve to attract public confidence than a fitting presentation of that record. Effective publicity of this kind is contained in a booklet recently issued by the Mellon National Bank of Pittsburgh, under the title, "The Bank with a Record." As an example of dignified and convincing bank advertising, it is undoubtedly worthy of study, and we therefore reproduce it in full:

A RECORD IN ORGANIZATION.

Organized for success!

That was the pronouncement of financial authorities when the personnel of the management was announced. Achievement has confirmed the prophecy.

The Board is headed by Andrew W. and Richard B. Mellon, men who are prominent in banking, transportation, oil, aluminum and steel manufacture. It includes men as prominent in the steel industry as Henry C. Frick and Henry Phipps of the United States Steel Corporation, Benjamin F. Jones, Jr., of the Jones & Laughlin Steel Co., William P. Park of the Crucible Steel Co., William B. Schiller of the National Tube Co., and Henry C. Fownes of the Midland Steel Co. Railroad interests are represented on the Board by such men as Mr. Frick of the Pennsylvania and Union Pacific, Colonel J. M. Schoonmaker of the New York Central Lines, and Robert Pitcairn of the Pennsylvania. Other banking interests are represented by Henry C. McEldowney of the Union Trust Co., while a close connection with the National City Bank and the National Bank of Commerce in New York is maintained through Mr. Frick and Mr. Mellon. Capitalists of more than local repute are seen in the persons of such men as James H. Lockhart, David E. Park, William N. Frew, George E. Shaw, John B. Finley, J. Marshall Lockhart and George I. Whitney.

It is, perhaps, needless to say that the officers of the bank have had a life-long training in the business.

A RECORD IN GROWTH.

How big is it?

That question was on the lips of every one in financial Pittsburgh when the Mellon National Bank was organized.

For a third of a century the banking house of T. Mellon & Sons had done a successful business. Years of steady growth had marked it as one of the strong banks of the city, but, as it made no public statements, its exact position was undefined.

In July, 1902, the firm retired from the banking business and turned in to the new Mellon National Bank deposits aggregating eight and a half million dollars. Two weeks later the call of the Comptroller showed that the new bank stood second in the list of Pittsburgh's thirty-six national banks, and the extent of its size and power was known at last.

In March, 1903, the Pittsburgh National Bank of Commerce, with deposits of more than five million dollars, was absorbed, and the next call of the Comptroller showed that the one-year-old bank had moved up to the head of the list.

At the close of its first five years under a charter the bank made a showing of about four times the amount of its initial deposits.

Feeling that such growth must be based upon satisfactory service, the management is pleased to stand upon this record.

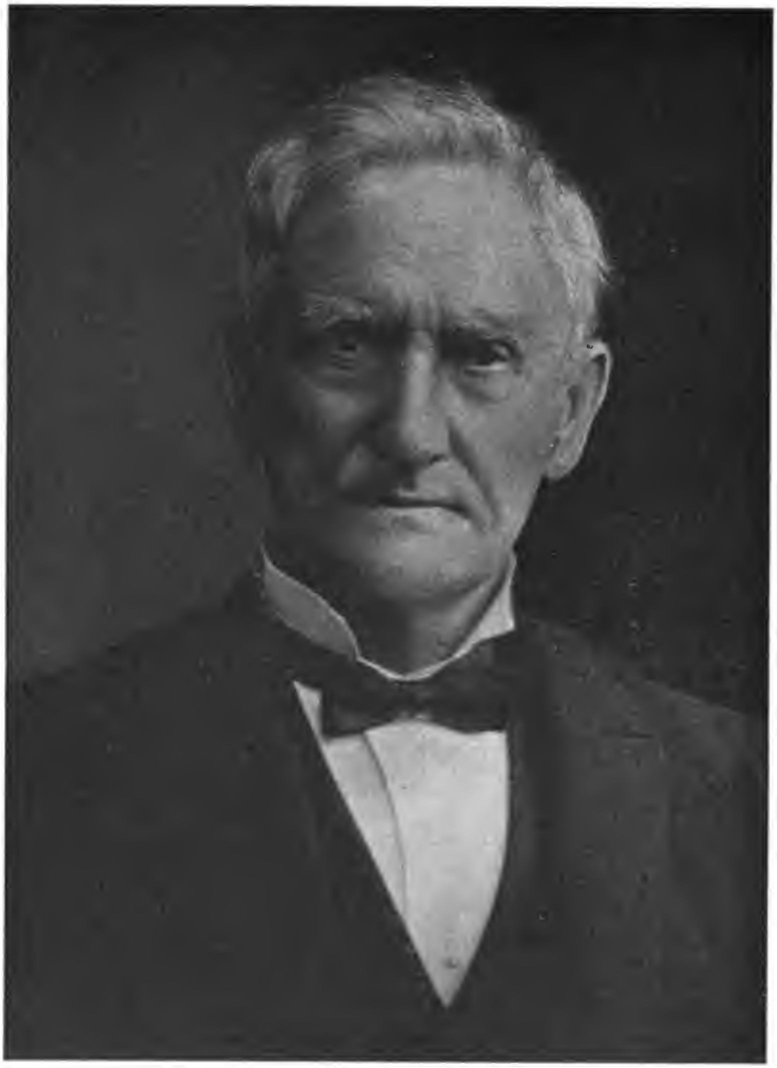
A RECORD IN SERVICE.

"The Mellon National stands by its customers."

That is what a country banker said after the bank had rendered valuable assistance during a run.

And that is true.

But assistance during a run is not often required, and Mellon service is really best between runs.



JUDGE THOMAS MELLON,
Founder of "The Bank With a Record."

The bank is equipped for every form of domestic and foreign banking, and whatever it does is done accurately and promptly.

This promptness and accuracy, taken in connection with liberal rates on balances, mark a record in service that should be attractive to banks and bankers in all parts of the country.

As the nature of the service varies with the requirements, the management will be pleased to take the matter up in detail, either in person or by mail.

A RECORD IN PROFIT.

Present safety and future profit.

That policy is satisfactory to the management. In harmony with it, conservatism has been practised near to the point of absolute safety. The conservatism of the early years of the bank, continued to date, is bringing its ever-increasing measure of annual profit. This profit is clearly shown in the subjoined table of net earnings, including dividends:

1903	$332,175
1904	$367,764
1905	$419,851
1906	$625,205

These figures make a record of profit which testify to the conservatism of the management and the adequacy of the service rendered.

A RECORD IN CONSERVATISM.

Intelligent conservatism.

That has been the aim of the management since the organization of the bank.

It does not preclude the securing of new business in any honorable manner, provided the business is good. The means may even be somewhat aggressive, if safety is not sacrificed to greed.

The doubling of deposits several times in five years, by strictly ethical means, is a good record in growth.

What of the record in safety?

In acquiring a knowledge of facts upon which to base its judgment, the management is frankly progressive; but, in acting upon any showing of fact, it is as prudent as the most cautious. Such intelligent conservatism has permitted the bank to do a rapidly-growing business with a minimum of loss. During the past year the total loss on account of bad paper and overdrafts was less than two ten-thousandths of one per cent. of the amount loaned. As that was an average year, this may be accepted as an average loss rate. It is submitted as a gratifying record in conservatism.

This conservatism has cost the bank much business which it might well have been expected to accept, but has so strengthened its position that the management is enabled to say that no depositor has ever been refused a loan for lack of funds.

The VanNorden Trust Co. and the Nineteenth Ward Bank of New York use this calendar in advertising their offer to pay interest from Oct. 1 on deposits made on or before Oct. 5.

SAFE DEPOSIT ADVERTISING.

ONE of the most striking series of post cards for the advertising of safe deposit vaults that has reached this department comes from the Union Safe Deposit Company of Pittsburgh. The cards, which are exceedingly well executed, form a series of five.

No. 1 is sent to those who are leaving town for the summer and is illustrated with cuts of a steamer leaving port and a train of cars under way, with some appropriate wording, headed "Leave Your Valuables Behind."

No. 2 is sent to prospective brides and is designed to admonish the newly-wed to leave their wedding gifts in a safe place during their honeymoon.

No. 3 is sent to parties whose residence or store has been robbed and calls attention to the burglar-proof qualities of the company's vaults.

No. 4 is designed for those who have suffered loss from fire and by appropriate illustrations points out a sure protection against catastrophies of this kind.

No. 5 is a card which is distributed over the counter at the office and in a general way advertises the safety of the company's vaults.

The cards have been successful in attracting a good deal of attention to the company and were prepared under the supervision of Mr. William A. Carr, secretary and treasurer.

The American National Bank of Indianapolis calls attention to the fine safe deposit facilities provided in its new building by a folding post card illustrating the company's vaults and coupon rooms, on which appears the accompanying miniature cut of the new bank building. A return card is en-

RECENT NEWSPAPER ADVERTISING OF THE AMERICAN SECURITY AND TRUST COMPANY'S SAFE DEPOSIT VAULTS.

closed, designed to facilitate a request for rates and other particulars.

Among the consistent safe deposit advertising which has recently appeared in the daily press there is none better than that of the American Security & Trust Company of Washington, D. C., the work of Mr. C. A. Aspinwall, advertising manager for that company. These ads are carefully worded and attractively displayed. A group of them is reproduced herewith for the benefit of the readers of this department.

CONTROLLED by local interests and managed by local men, this bank stands for the development of the commercial interests of Boston and New England. To individuals, firms, and corporations engaged in legitimate productive enterprises it extends every facility consistent with approved banking methods.

The First National Bank

202 Devonshire Street

The First National Bank of Boston is willing to help all legitimate business interests.

BANK EMBLEMS.

ANOTHER series of bank emblems is reproduced herewith, following those which have previously appeared in this department. Nearly every bank nowadays sees the necessity of some distinctive emblem or method of presenting its name, which will impress itself more emphatically than cold type upon the minds of those who see it. Some of these emblems rely entirely upon their boldness. Others show the result

of a good deal of ingenuity in their design and skill in their production.

A Colonial soldier appears, usually in two colors, in all the publicity of the Colonial Trust Co. of Philadelphia. This cut is the design of Percival K. Frowert, manager of the company's publicity.

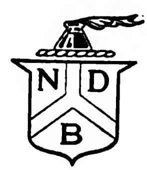
The Commonwealth National Bank of Dallas, Texas, uses an emblem in which the star is a conspicuous feature. Quoting from President E. M. Turner of the bank:

The significance of this name and emblem is found in the purpose of the officers and directors that this bank should typify in its character and policy some of the distinctive attributes of the great Commonwealth with whose interests and fortune it has joined its own, and in whose commercial supremacy it has a common share.

In a word, that its character for solidity, integrity and conservatism should be as broad-based and enduring as the foundations upon which the greatness of Texas is builded, and that its policy for progressiveness, liberality and courtesy should partake of something of the breadth of her vast domain and generous spirit.

The Fourth National Bank of Atlanta uses a design built up on the numeral representing its name.

The National Deposit Bank of Philadelphia uses a shield bearing



the initials N. D. B. surmounted by inkwell and pen.

SECURE AS THE HILLS

PEOPLE'S BANK FOR SAVINGS

NEW ROCHELLE, N.Y.

A FAIR OFFER.

THE PEOPLE'S BANK will take care of your money for you, safeguard it from all harm, return it to you any time you wish and, what is more, will pay you for the privilege of taking care of it if it is left with us for six months or more.

Now if that isn't a square deal, we don't know what is. Bring it on and try it.

FOUR PER CENT. INTEREST.

President, HENRY M. LESTER. Secretary, ALFRED L. FLAMMETT.

TRUSTEES.

JOHN COULON.	WILLIAM KIRCHHOFF.	JOHN A. PECK.
GEORGE T. DAVIS.	EUGENE LAMBDEN.	CHARLES PRYER.
R. CONDIT EDDY.	JOHN E. LAMBDEN.	BENJAMIN STEARNS.
ROBERT C. FISHER.	HENRY M. LESTER.	SAMUEL F. SWINBURNE.
GEORGE F. FLANDREAUX.	GEORGE W. HAHLSTEDT.	L. E. VAN ETTEN.
JACOB P. FRANTZ.	WALTER R. MARVIN.	HOWARD R. WARE.
GEORGE E. GALCANO.	JOHN F. NEW.	GEORGE WATSON.

OLIVER PLACE
IN SEWICKLEY VALLEY

From the verandas of Oliver Place homes charming vistas will be obtained, for it is the center of an amphitheater the sides of which are beautiful terraces and hills crowned with stately homes. From the very outset, persons building homes in Oliver Place will have the advantages of highly developed residential environs. By comparison with the prices asked for neighboring properties in the exclusive Sewickley Valley, the prices asked for lots in Oliver Place are very reasonable—$9,000 and upwards. Some lots are as large as 200x390 feet. All improvements have been made—macadam streets, maple trees, cement sidewalks, sewers, water and gas.

Write or ask for beautiful little booklet describing Oliver Place—free to interested people. Please mention The Gazette Times

REAL-ESTATE-TRUST-CO.
OF PITTSBURGH
EXCLUSIVE AGENT

"The Square Deal"

IS a phrase which is popular nowadays.

We apply it to Banking Methods

Home Trust Company
of New York
20-22-24 Vesey Street
(Near Broadway)

Each interest period of your special interest account is an extra pay day.

People become rich by spending less than they make; accounts invited by

NATIONAL BANK COHOES
ONEIDA AND REMSEN STS.

DIRECTORS

T. Jefferson Coolidge, Jr., Chairman
Gordon Abbott
Oliver Ames
C. W. Amory
Charles F. Ayer
Samuel Carr
B. P. Cheney
T. Jefferson Coolidge
Chas. E. Cotting
Philip Dexter
Eben S. Draper
Frederick P. Fish
Reginald Foster
George P. Gardner
Robert F. Herrick
Henry S. Howe
Walter Hunnewell
Thomas L. Livermore
Charles S. Mellen
George v. L. Meyer
Laurence Minot
Richard Olney
Robert T. Paine, 2d
Philip L. Saltonstall
Nathaniel Thayer
Lucius Tuttle
Stephen M. Weld
Charles W. Whittier

OFFICERS

Gordon Abbott, President
Francis R. Hart, Vice-President
James A. Parker, Vice-President
Wallace B. Donham, Vice-President
F. G. Pousland, Treasurer
E. Elmer Foye, Secretary and Acting Cashier
Joseph G. Stearns, Assistant Secretary
Julius R. Wakefield, Trust Officer
F. M. Lamson, Manager Temple Place Br.

Your bank should be strong financially, conservatively yet progressively managed, accommodating and accessible.

The seven million dollars capital and surplus of the Old Colony Trust Company guarantees its strength.

The conservatism of its management is reflected by the position it occupies in the banking field.

The accessibility and convenience of its two offices is apparent.

Old Colony Trust Co.
Ames Building 52 Temple Place

DETROIT SAVINGS BANK

BEGIN NOW

Consider a moment the advantage of saving part of your income compared with your present manner of living—spending all you earn—and you will decide to save. All you place with us earns you interest.

Oldest Bank in Michigan.

PENOBSCOT BUILDING
FORT ST. WEST.
BRANCH OFFICES
159 GRATIOT AVE. COR. ST. ANTOINE ST. 623 DIX AVE. COR. JUNCTION AVE.

FROM CURRENT NEWSPAPER ADVERTISING.

The Exchange National Bank of Spokane makes use of the emblem reproduced herewith, which explains itself.

GOOD ADVICE.

SEEK the best copy.

Being satisfied with mediocre advertising never brought returns that paid.

Advertising that is good for today may not suit conditions tomorrow.

Cultivate the habit of issuing the best.

Put a little extra time and thought on the production of copy, and see to it that the campaign is based on a definite plan.

The best copy is none too good.

—The Bank Advertiser.

BANKING PUBLICITY NOTES.

ONE of the publicity plans adopted by the Century Banking Company, of Jackson, Miss., was an essay contest open to students of the public schools of Jackson, the subject being "Why Deposit with the Century Banking Co.?" The prizes offered were the choice of a season baseball ticket, a season pass to the local theatre matinees, a trip to the Jamestown Exposition, or an income of five cents per week during the life of the successful contestant. A second prize of $10 in gold was also offered. V. Otis Robertson, president of the company, is a young man who believes in encouraging young people. His company is managed by young men and the contest is typical of the methods adopted for bringing the Century Banking Company into prominence locally.

The Colonial Trust Co. of Philadelphia has recently issued a folder on "Saving," giving some vigorous advice on this subject. It is illustrated with some appropriate cuts, among which the company's "Colonial Soldier" with his key appears conspicuously.

A striking and unique folder was issued recently by the Union Bank and Trust Co. of Helena, Mont., giving the company's condensed statement of condition.

A notably handsome booklet has been issued recently by the Fourth Street National Bank of Philadelphia. Each of the pages, which are of large size, is embellished by a half-tone reproduction of an interior view in the bank, with appropriate wording, in colors. A unique feature of the text of the book is a list of one hundred foreign countries in which the bank has direct correspondents. The cover of the book bears an embossed reproduction of the entrance to the bank and typographically the publication is a model of excellence.

"Ye Story of ye Oldest Bank in America" is again presented in a little pamphlet from the press of Robert Grier Cooke. Our readers need not be told that this refers to the Bank of North America, Philadelphia. No bank has a history of greater interest and this pamphlet presents it in a very attractive manner, with marginal illustrations of the old board room clock, the old London Coffee House, an old note of the bank and the successive buildings which the bank has occupied.

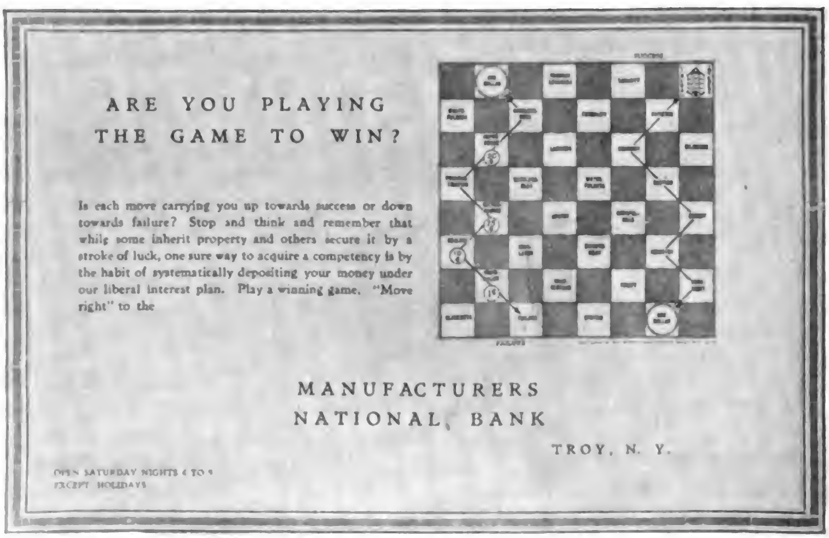
The American National Bank of Nashville, Tenn., sends out blotters monthly on which are printed the calendar of the current month and appropriate advertising matter in addition to attractive cuts in three-color work.

The New Rochelle (N. Y.) Trust Co. uses a monthly memorandum book with a blank page for each day of the month, a calendar for the year and appropriate advertising. These little books are enclosed with the customers' pass books each month when they are written up and make a very desirable reminder of the bank.

The Bank of Nova Scotia sends out a private mailing card bearing a reproduction of its handsome new building on King street, Toronto.

A recent form of publicity is an imitation mortgage deed backed in fac simile, "From Mellon National Bank of Pittsburgh to Any Investor," and giving a reproduction of the volume and page of the registry and the amount of the recorder's fee. On opening the "deed" appears the title of a pamphlet, "Bond or Mortgage, Which?"—a candid discussion of the comparative advantages of the two popular forms of investment. The booklet is copyrighted by the Mellon National Bank, and, like all recent publicity of this institution, is most excellent in form and text.

In this issue is reproduced a half page newspaper ad of the Manufacturers National Bank of Troy (N. Y.), the idea being that of Mr. Bert E. Lyon, manager of the bank's publicity department. The ad is a modification of a very successful private mailing card in colors, which the bank sent out recently.



A UNIQUE HALF-PAGE NEWSPAPER AD FROM A TROY PAPER.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

PROMOTIONS AT THE MERCHANTS' NATIONAL BANK OF NEW YORK.

AT a recent meeting of the board of directors of the Merchants' National Bank, Zoheth S. Freeman, who has been cashier since the spring of 1906, was elected an additional vice-president, and Joseph Byrne, heretofore assistant cashier of the National Bank of Com-

ZOHETH S. FREEMAN,
Vice-President Merchants' National Bank, New York.

merce, was elected cashier, to fill the vacancy created by Mr. Freeman's promotion.

The election of Mr. Freeman to the vice-presidency of one among the oldest and staunchest banks in the city, after less than two years' service in the institution, is a marked recognition of the executive ability he has shown. It must not be inferred that the period named marks the limit of his banking experience. Before entering the Merchants' National Bank Mr. Freeman was for many years associated with the Hanover National Bank--one of the largest in the city—where he was entrusted with the charge of the credit department, a post calling for the keenest discrimination. It was well understood at the time of his appoint-

JOSEPH BYRNE, JR.,
Cashier Merchants' National Bank, New York.

ment as cashier of the Merchants' National that the selection was a wise one, and his promotion to the vice-presidency is regarded with equal satisfaction in city banking circles and among the bank's patrons.

Joseph Byrne, Jr., who succeeds Mr. Freeman as cashier, has been with the National Bank of Commerce in New York for twenty-four years, acquiring in the various departments and as assistant cashier an experience that admirably equips him for his new post. The employees of the National Bank of Commerce presented him with a fine silver service on his retirement.

The Merchants' National Bank is over a hundred years old, having commenced business as a state bank in 1803. Its capital is $2,000,000; surplus and profits, $1,500,000, and deposits, $20,000,000. The full staff of officers follows: President, Robert M. Gallaway; vice-presidents, Elbert A. Brinckerhoff and Zoheth S. Freeman; cashier, Joseph Byrne, Jr.; assistant cashiers, Albert S. Cox and O. E. Paynter.

MONEY, TRADE AND INVESTMENTS

New York, November 2, 1907.

A Panic Swept Over the Banking Field during the past month which for a while threatened to sweep down every barrier of confidence. In some of its features this panic has no parallel in the previous history of the country. While its advent was unexpected, there were indications of the coming storm for some time before it swept down upon our banking interests. During the first half of the month there were continuous declines in the stock market, new low records in prices being made day after day. The stock market of Saturday, October 12, was described by market reviewers as "demoralized" and that of the Monday following as "nervous and gloomy" at the opening.

There was talk on that day of an organized pool of bankers to support the market, but it proved to be mere idle rumor. F. Augustus Heinze, however, did engineer a corner in a "curb" stock, United Copper, and forced the price from 39 to 60. That was on October 14 and on the following day the price dropped to 36. The sequel of this corner was the suspension of the firm of Otto Heinze & Co. by the stock exchange on October 17, and the resignation of F. Augustus Heinze from the presidency of the Mercantile National Bank of New York. This was the beginning of the upheaval which for a week made the financial situation very alarming.

The Mercantile Bank was controlled by the Heinze interests and when it became known that Mr. Heinze was in an embarrassed position, the New York Clearing House Committee made a prompt examination of the bank, and the resignations of the directors were put in the committee's hands.

Only brief reference can be made here to the succeeding events which were crowded into a single week. Not only F. A. Heinze withdrew from his banking connections, but Charles W. Morse, whom report has frequently made an ally of Mr. Heinze in various operations or interests, also retired as director in a number of institutions. Mr. Morse was connected with the National Bank of North America and the New Amsterdam National Bank, as well as with others. O. F. and Edward R. Thomas were also directors in several institutions and they were eliminated along with the Morse interests.

An important meeting of bankers was held at the clearing house on Sunday, October 20, and a find of $10,000,000 was pledged by a number of banks to aid banks to meet the demand of their depositors.

On Monday, October 21, came the announcement that Charles T. Barney had resigned as president of the Knickerbocker Trust Company, the third largest trust company in New York. Mr. Barney, it was understood, was interested in some of Mr. Morse's operations and a run was started on the trust company. The National Bank of Commerce gave notice on the same day that it would stop clearing for the trust company. It was reported that a conference of leading bankers and financiers was held that evening and $15,000,000 pledged to protect the company, but the report was denied the following day when the company, after paying out $8,000,000 to the depositors, closed its doors.

A run was started upon the Trust Company of America on the same day, and for a week it withstood one of the heaviest runs ever known until the scare was over. On October 23d the Westinghouse Electric and Manufacturing Company and allied concerns went in receivers' hands and the Pittsburgh stock exchange closed its doors temporarily. By this time money had reached 125 per cent. on call in New York and the Secretary of the Treasury then announced that he would deposit $25,000,000 of Government money in the New York banks. The tenseness of the situation may be judged from the fact that the clearing-house committee announced that "owing to the heavy liquidation of stocks, necessitating an unnecesary sacrifice of values, it has requested that the stock exchange suspend its operation for the present."

On October 24 the Hamilton Bank and the Twelfth Ward Bank, both uptown institutions, suspended, while the Empire City Savings Bank enforced the 60-day notification clause covering the withdrawal of deposits. J. P. Morgan and other bankers, to relieve the money situation, formed a pool to lend $25,000,000 of money at the stock exchange at 10 per cent. On the same day a run was started on the Lincoln Trust Company.

On October 25 the wave of panic swept over to Brooklyn and the First National Bank of Brooklyn, the Williamsburg Trust Company, the Jenkins Trust Company, the Borough Bank of Brooklyn, and the International Trust Company of New York, suspended. The United States Exchange Bank, of Harlem, also closed. A run also began on the Harlem Savings Bank and other savings institutions. A meeting of the savings banks was held and it was decided that 60 days' notice should be required from all depositors who desired to withdraw their deposits.

On Saturday, October 26, clearing house association adopted another measure of relief and authorized the issue of clearing-house certificates to the extent of 75 per cent. of the value of the collateral pledged. It is fourteen years since such a step to allay a panic has been found necessary, the last previous issue of clearing-house certificates having been made in 1893. At this time certificates were issued not only in New York, but in Philadelphia, Boston, Baltimore and Pittsburgh. Other cities than New York also employed this device with good effect last month.

The panic reached its climax in the week ended October 26 and since that time there has been a dying down of the excitement and a gradual improvement. There is, however, no certainty that a rapid recovery in either values or confidence is to follow immediately. Such a shaking up as has occurred in the last few weeks is not soon forgotten nor the damage occasioned readily repaired.

As to the causes which produced the rude awakening, they must be apparent to even the casual observer. For more than a decade the country has been experiencing a prosperity and a rapid development of wealth for which there has been no parallel in previous times. With prosperity has come extravagance, recklessness and to a considerable extent demoralization. Prosperity has been in a debauch and the time was bound to come when it must come out of it and enter once more a condition of sobriety.

It may be that the many disclosures of the excesses of high finance hastened the event, but the returns to sanity and moral sense was inevitable, while the longer delayed the more severe was sure to be the penalty.

The bank runs and failures, the meetings of prominent bankers and their plans for averting disaster, the scarcity of money, and the various phases of the panic, made up about all there was in the financial situation last month. The business of the country went on about the same as usual, but here and there giving evidence of curtailment in activity or in demand for consumption, which leaves no doubt that the future development of business will be at a slower pace than in the recent past.

The issue of clearing-house certificates in New York and other cities recalls the former periods when such issues were made. Only four times was this expedient employed to prevent the spread of disaster among banking institutions, prior to last month's action. Certificates were used in the panics of 1873, 1884, 1890 and 1893. The issues during those periods are shown in the accompanying table:

1873—New York	Total issued	$26.565,000
1873—Philadelphia	" "	6.785,000
1884—New York	" "	24,915,000
1890—New York	Largest amount outstanding	15,205,000
1890—Boston	" " "	5,065,000
1890—Philadelphia	" " "	8,870,000
1893—New York	" " "	38,280,000
1893—Boston	" " "	11,445,000
1893—Philadelphia	" " "	10,965,000
1893—Baltimore	" " "	1,475,000
1893—Pittsburgh	" " "	987,000

The largest issue by the New York banks was in 1893, when there were outstanding at one time more than $38,000,000, about September 1. The first certificates were issued on June 21 and the last was returned on November 1.

In the 1884 panic, which started in with the Grant & Ward failure, and the suspension of the Marine National and the Metropolitan National Banks, the New York Clearing-House banks had suffered a serious drain upon their reserves, which fell from $111,000,000 on February 9 to $67,000,000 on May 24—a loss of $44,000,000, or 40 per cent. The deposits fell from $363,000,000 on February 16 to $296,000,000 on May 24 and to $280,000,000 on June 21—an extreme fall of $83,000,000, or over

20 per cent. The banks reported a deficit of $7,000,000 in May, but by the close of the year they held a surplus of $40,000,000, the reserves having increased to $335,000,000.

The 1890 panic was ushered in by the Baring failure in November. The entire year had been one of money trouble and the bank reserves were most of the time very near the deficit line. Between September 27 and December 6 the banks lost about $24,000,000 in reserves, while the decrease in deposits during the same time was about $36,000,000, or about 9 per cent.

The year 1893 brought a culmination of the difficulties which the silver policies of the Government had created and fostered. The banks passed through a crisis as severe as they ever experienced. In the space of a few months the Reading, the Erie, the Northern Pacific, the Union Pacific and the Atchison railways all went into the hands of receivers. As for the New York banks, they saw their reserves fall from $145,000,000 in January to $76,000,000 in August--a loss of $69,000,000, or almost 50 per cent., while their deposits decreased from $495,000,000 to $370,000,000—a loss of $125,000,000, or 25 per cent. A surplus reserve of $23,000,000 at the close of January gave place to a deficit of $16,000,000 by the middle of August.

A most remarkable recovery, however, occurred in the latter part of 1893, the reserves increasing $131,000,000 in about four months and the deposits about the same amount. The conditions of business, however, may be inferred from the fact that loans in the last four months of the year increased only about $6,000,000.

As to the situation this year, the banks apparently have not been in as sore straits as during previous panic periods. The total reserves on October 26 were only $39,000,000 less than they were last May when the amount of cash held was the largest reported during the year. The deposits were at their highest point on June 1 last—$1,128,000,000—and on October 26 they were $1,023,000,000—a decrease of $105,000,000, or less than 10 per cent. About $18,000,000 of cash went out of the banks since September 21 and about $33,000,000 of deposits were retired.

The comparative table opposite shows the deposits of the larger banks on the dates mentioned.

Five of the banks reported larger deposits on October 26 than on June 1 last. The Chemical gained $6,500,000, the Fourth National $1,100,000, the First National $13,000,000, and the Citizens Central and the Importers and Traders less than $1,000,000 each. The banks showing the largest losses since June 1 are: The National City, $6,000,000; the National Bank of Commerce, $29,000,000; the Mercantile National, $9,000,000; the National Bank of North America, $7,000,000; the Hanover National, $5,000,000, and the National Park, $15,000,0000. The most important changes since September 21st are: Chemical, increase, $3,000,000; Bank of Commerce, decrease, $10,000,000; Mercantile, decrease, $6,000,000; Bank of North America, decrease, $6,000,000;

	June 1, 1907	*Sept. 21, 1907*	*Oct. 26. 1907*
Bank of N. Y. N. B. A.	$16,603,000	$15,109,000	$15,136,000
Bank of Manhattan Co.	29,500,000	26,722,000	26,750,000
Merchants' National	17,731,000	17,714,100	15,663,000
Mechanics' National	22,128,000	19,329,000	19,385,400
Bank of America	24,310,200	20,323,900	20,923,300
National City	144,792,600	139,458,000	138,079,600
Chemical National	23,623,600	26,828,500	30,135,500
Mechanics & Traders'	19,760,000	18,371,000	15,598,000
American Exchange National	22,199,600	19,227,300	20,303,300
National Bank of Commerce	152,325,200	113,581,000	102,970,900
Mercantile National	15,243,600	12,912,000	6,339,100
National Bank of North America	15,261,900	14,306,800	8,067,300
Hanover National	69,705,300	63,276,400	64,712,000
Citizens' Central National	19,495,100	20,164,300	19,769,600
Corn Exchange	41,551,000	41,223,000	40,851,000
Importers and Traders'	22,277,000	21,910,000	23,080,000
National Park	88,518,000	81,065,000	73,488,000
Fourth National	19,421,500	19,027,300	20,564,000
First National	75,455,000	80,041,000	88,649,700
Irving National Exchange	15,691,400	14,740,000	13,659,900
Chase National	56,927,000	54,667,700	54,671,200
Seaboard National	19,837,000	17,895,000	18,930,000
State	15,983,000	15,492,000	15,011,000

National Park, decrease, $7,000,000; First National, increase, $8,000,-000.

The trust companies were subject to the heaviest runs, but there is no available data to determine to what extent their deposits were reduced since the financial disturbance began.

At the close of the month the situation was much improved as compared with a week earlier, but the money question is still of widespread interest. It is almost impossible for a borrower to obtain accommodations even on unquestioned security. The money of a good many people is locked up in banks that have closed their doors, or in savings banks, which refuse to pay any but small sums until after 60 days' notice of intention to withdraw.

Money on call was quoted at 25 per cent. on the last day of the month, although the closing rate was 4 per cent. Stock exchange houses were paying 15 per cent. for time loans to run ninety days, while mercantile paper is quoted at 10 per cent. with very little demand from lenders.

Arrangements have been made to bring gold from abroad and a considerable amount will arrive in the course of a couple of weeks. But the high rates of interest ruling in the European centers will tend to check imports of the precious metal should the present strain be taken off. The Bank of England on the last day of the month advanced its rate of discount from 4 1-2 to 5 1-2 per cent., and the Bank of Belgium has also made its rate 5 1-2 per cent. The Imperial Bank of Germany had previously advanced its rate from 5 1-2 to 6 1-2 per cent. The Bank of France, however, retained its rate of 3 1-2 per cent., although it was represented that it would endeavor to restrain any gold movement from Paris to New York.

The Comptroller of the Currency has suggested as a means of relieving the situation that the national banks which have not a bank-note circulation as large as their capital warrants should increase their circulation, and some of the banks have taken steps in that direction. Still, the relief in that way can be only partial, as the present trouble is largely a deficiency of credit rather than of currency.

The Government report on the crops issued on October 10 practically fixes the approximate yield for 1907. The corn yield is figured at 2,491,-000,000 bushels, or 435,000,000 bushels less than the 1906 crop. This year's yield has been exceeded in only three other years: In 1905, 1902 and 1899. The wheat crop is estimated at 625,567,000 bushels, or 110,-000,000 bushels less than in 1906. This is the smallest crop harvested in any year since 1897 with the exception of 1904 and 1900. It is 73,-000,000 bushels larger than the 1904 crop. The crop of oats is 741,-521,000 bushels, or 220,000,000 bushels less than in 1906 and the smallest since 1901. The yield of the three crops yearly since 1901 has been as follows:

Year	Wheat	Corn	Oats
	Bushels	*Bushels*	*Bushels*
1901	748,460,218	1,522,519,891	736,808,724
1902	670,063,008	2,522,648,312	987,842,712
1903	637,821,835	2,244,176,925	784,094,199
1904	552,399,517	2,467,480,934	894,595,552
1905	692,979,489	2,707,993,510	950,216,197
1906	735,260,970	2,927,416,091	963,904,522
1907	625,567,000	2,491,715,000	741,521,000

The possibility of a good demand for American wheat for the foreign markets has been increased by the shortage of the wheat crop in Russia, which was not anticipated.

Late in the month the United States Steel Corporation reported its earnings for the quarter ended September 30. The showing was very favorable as far as part results are concerned, the net earnings being nearly $5,700,000 larger than the corresponding quarter of 1906 and $12,500,000 more than in 1905. The balance, after paying dividends, interest, sinking funds, etc., was $19,911,000, or $2,000,000 less than in 1906.

The unfilled orders show a falling off of 1,200,000 tons as compared with June 30 and of 1,500,000 tons compared with September 30, 1906. The total is the smallest reported at the end of any quarter in two years.

United States Steel Net Earnings.

	1905	*1906*	*1907*
1st Quarter	$23,025,896	$36,634,490	$39,122,492
2d Quarter	30,305,116	40,125,033	45,503,705
3d Quarter	31,240,582	38,114,624	43,804,285
4th Quarter	35,278,688	41,744,964	....

THE MONEY MARKET.—Conditions developed in the local money market last month such as had not been experienced in many years before. The money situation for some time has been far from encouraging, and as the news of trouble among some of the banking institutions began to reach the public interest rates started upward. Call money reached 10 per cent. on October 18, the highest rate up to that time. On October 22 it advanced to 70 per cent., and on the following day to 125 per cent. For several days thereafter the rate reached 75@100 per cent., and then as the banking interests got the situation partly under control, there was a gradual decline until the close of the month. The withdrawal of money from actual circulation has been very extensive, however, and money is scarce with borrowers finding great difficulty in obtaining accommodation at all. At the close of the month call money ruled at 6@20 per cent., with the majority of loans at 20 per cent. Banks and trust companies were not in the market as lenders. Time money on Stock Exchange collateral is quoted nominally at 6½@7 per cent. for sixty days, 6½@7 per cent. for ninety days to six months, on good mixed collateral. For commercial paper there was no business and the rates nominally are 7 per cent. for sixty to ninety days' endorsed bills receivable, 7 per cent. for first class four to six months' single names, and 7 per cent. and higher for good paper having the same length of time to run.

MONEY RATES IN NEW YORK CITY.

	June 1.	*July 1.*	*Aug. 1.*	*Sept. 1.*	*Oct. 1.*	*Nov. 1.*
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Call loans, bankers' balances........	1¾—2½	6 —12	2 —3½	2½—4	4 —6	6 —20
Call loans, banks and trust companies................................	1½—	2½—	2½—	2½—	2½—	....
Brokers' loans on collateral, 30 to 60 days................................	2½—3½	4 — ½	5 —	5 — ½	5¾—6	6½-7
Brokers' loans on collateral, 90 days to 4 months........................	3¾—4	4½—5	5½— ¾	6 — ½	6 —½	6½—7
Brokers' loans on collateral, 5 to 7 months.........	4½— ¾	5¼—7	6 — ¼	6½—7	6 —½	6½-7
Commercial paper, endorsed bills receivable, 60 to 90 days............	5 — ½	5½—	6 —	6½—	7 —	7 —
Commercial paper, prime single names, 4 to 6 months..............	5 — ½	5½—6	6 — ½	6½—	7 —	7 —
Commercial paper, good single names, 4 to 6 months..............	5½—	6 - 6½	6½—7	6½—7	7 —	7 —

NEW YORK BANKS.—The changes reported by the New York Clearing-House banks during October only partially reveal the revulsion which occurred in that month. A condition which has rendered it expedient to suppress the publication of the statements of the individual banks is one that must have been serious indeed, yet wider fluctuations have occurred in bank figures than were shown in the four weeks ended October 26. In that time deposits fell off $31,000,000 and loans only $12,000,000. The banks lost $12,000,000 legal tenders and $2,000,000 specie, while the surplus reserve of $5,000,000 at the close of September gave place to a deficit of $1,000,000 on October 26. But it was in the week ended November 2 when changes almost without precedent occurred. Deposits were increased $28,000,000 and loans nearly $61,000,000, while reserves were reduced $30,000,000, of which $20,000,000 was in specie and $10,000,000 in legal tenders. The deficit was increased to almost $39,000,000. Large as this deficit is, however, the reserves still exceed 21 per cent. of the deposits.

New York City Banks—Condition at Close of Each Week.

Dates.	Loans.	Specie.	Legal tenders.	Deposits.	Surplus Reserve.	Circulation.	Clearings.
Oct. 5...	$1,089,068,400	$192,216,700	$69,607,200	$1,036,703,800	$2,648,075	$50,657,800	$1,784,841,400
" 12...	1,083,401,900	198,558,800	62,608,600	1,026,047,800	4,655,450	51,001,800	1,611,351,900
" 19...	1,076,846,300	205,358,300	62,257,200	1,025,711,400	11,182,650	51,612,400	1,815,268,100
" 26...	1,087,711,000	196,426,000	58,283,700	1,028,772,000	*1,233,300	51,898,300	2,103,641,500
Nov. 2...	1,148,452,600	175,913,900	48,194,000	1,051,786,900	*38,838,825	52,742,900	1,650,864,500

* Deficit.

Non-Member Banks—New York Clearing-House.

Dates.	Loans and Investments.	Deposits.	Specie.	Legal tender and bank notes.	Deposit with Clearing-House agents.	Deposit in other N. Y. banks.	Surplus Reserve.
Sept. 28.....	$114,006,400	$119,298,800	$5,120,800	$6,541,400	$10,890,600	$4,536,000	* $2,786,275
Oct. 5.....	114,765,900	120,925,800	5,219,300	6,371,200	12,596,500	4,504,200	* 1,540,250
" 12.....	114,766,800	121,221,100	5,317,300	6,776,000	12,521,300	4,191,100	* 1,499,575
" 19.....	110,776,700	115,632,900	4,818,000	6,450,100	11,032,800	4,262,200	* 2,350,125
" 26.....	96,875,800	96,321,500	4,048,700	5,410,500	9,887,300	2,857,800	* 1,880,575

* Deficit.

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

Month.	1905.		1906.		1907.	
	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.	Deposits.	Surplus Reserve.
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,801,100	$5,369,225
February......	1,189,828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,634,100
March.........	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,038,431,800	3,857,650
April..........	1,138,661,300	3,664,575	1,004,290,500	5,131,270	1,019,817,300	13,131,275
May...........	1,146,528,600	16,665,250	1,028,683,200	10,367,400	1,106,183,300	12,346,775
June...........	1,136,477,700	6,050,275	1,036,751,100	6,816,025	1,128,194,600	12,782,450
July...........	1,166,038,900	11,658,875	1,049,617,000	12,055,750	1,092,031,700	2,509,275
August	1,190,744,900	15,305,975	1,060,116,900	18,892,475	1,099,302,400	7,473,200
September....	1,166,587,200	5,498,785	1,042,057,200	2,869,400	1,046,655,800	8,756,450
October.......	1,080,465,100	7,440,025	1,034,059,000	12,540,350	1,055,193,700	5,646,575
November....	1,042,092,300	12,430,925	1,015,824,100	3,049,775	1,051,786,900	*38,838,825
December	1,023,882,300	2,565,375	998,634,700	1,449,125	....	....

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146,163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894. * Deficit.

Boston Banks.

Dates.	Loans.	Deposits.	Specie.	Legal Tenders.	Circulation.	Clearings.
Sept. 28........	$189,076,000	$208,227,000	$18,345,000	$4,097,000	$8,327,000	$127,668,500
Oct. 5........	190,318,000	214,777,000	17,946,000	3,690,000	8,260,000	168,712,400
" 12........	190,828,000	213,339,000	17,812,000	3,841,000	8,222,000	149,236,300
" 19........	191,670,000	224,242,000	18,362,000	4,019,000	8,170,000	178,547,000
" 26........	191,247,000	222,059,000	20,025,000	2,822,000	8,182,000	178,266,600

PHILADELPHIA BANKS.

DATES.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings.*
Sept. 28	$223,905,000	$252,196,000	$55,392,000	$13,671,000	$130,897,700
Oct. 7	224,270,000	252,902,000	54,652,000	13,678,000	151,121,400
" 12	222,986,000	251,288,000	53,609,000	13,684,000	135,444,300
" 19	222,037,000	254,796,000	55,612,000	13,741,000	151,860,100
" 26	219,789,000	246,322,000	52,663,000	13,784,000	156,844,100

FOREIGN BANKS.—The Bank of England suffered a loss in gold of $27,000,000 last month, while France gained $3,000,000, Germany $14,000,000 and Russia nearly $15,000,000. The reserve of the Bank of England fell from 49.39 per cent. on October 17 to 47.21 per cent. on October 24 and to 39.91 per cent. on October 31. The gold holdings decreased $15,000,000 in the last week of October.

GOLD AND SILVER IN THE EUROPEAN BANKS.

	Sept. 1, 1907.		*Oct. 1, 1907.*		*Nov. 1, 1907.*	
	Gold.	*Silver.*	*Gold.*	*Silver.*	*Gold.*	*Silver.*
England	£37,668,457	....	£37,106,838	....	£31,729,252	....
France	112,259,480	£38,774,000	110,871,606	£38,298,516	111,428,770	£37,504,100
Germany	36,671,000	10,168,000	28,854,000	7,997,000	31,649,000	8,770,000
Russia	117,154,000	6,938,000	122,540,000	5,940,000	125,469,000	5,235,000
Austria-Hungary	45,483,000	12,136,000	45,221,000	12,063,000	45,441,000	11,729,000
Spain	15,505,000	25,829,000	15,553,000	25,798,000	15,583,000	25,637,000
Italy	34,289,000	4,983,700	34,521,000	4,917,000	36,107,000	4,903,200
Netherlands	6,032,700	5,613,100	6,040,300	5,354,600	6,798,300	5,106,500
Nat. Belgium	3,212,667	1,606,333	3,119,333	1,559,667	3,143,333	1,571,667
Sweden	4,219,000	....	4,248,000	....	4,245,000	....
Totals	£412,504,304	£106,048,133	£408,075,077	£101,927,783	£411,588,655	£100,456,467

FOREIGN EXCHANGE.—The market for sterling became demoralized as the money situation here developed conditions of panic. During the week beginning October 21 rates dropped furiously and large gold engagements were promptly made. Arrangements were made for the shipment of $24,000,000 gold from Europe, and this, with advances in the rates of discount of the Bank of England, caused sterling to advance at the close of the month.

RATES FOR STERLING AT CLOSE OF EACH WEEK.

WEEK ENDED.	BANKERS' STERLING.		*Cable transfers.*	*Prime commercial, Long.*	*Documentary Sterling, 60 days.*
	60 days.	*Sight.*			
Oct. 5	4.8240 @ 4.8250	4.8580 @ 4.8600	4.8680 @ 4.8690	4.81⅞ @ 4.82	4.81¼ @ 4.82⅜
" 12	4.8235 @ 4.8240	4.8625 @ 4.8630	4.8685 @ 4.8690	4.82⅛ @ 4.82¼	4.81½ @ 4.82⅝
" 19	4.8210 @ 4.8215	4.8600 @ 4.8610	4.8675 @ 4.8680	4.82 @ 4.82⅛	4.81¼ @ 4.82⅛
" 26	4.7775 @ 4.7825	4.8225 @ 4.8250	4.8325 @ 4.8350	4.76¾ @ 4.77	4.75 @ 4.76
Nov. 2	4.8100 @ 4.8150	4.8650 @ 4.8700	4.8800 @ 4.8850	4.78 @ 4.78½	4.78 @ 4.80

MONEY RATES ABROAD.—The prospect of a heavy drain of gold to New York has caused an increase in rates at the principal European

FOREIGN EXCHANGE—ACTUAL RATES ON OR ABOUT THE FIRST OF EACH MONTH.

	July 1.	Aug. 1.	Sept. 1.	Oct. 1.	Nov. 1.
Sterling Bankers—60 days	4.83⅝–¾	4.83⅝–¾	4.82½–¾	4.81¾–⅞	4.79 –¼
" " Sight	4.86⅝–¾	4.86⅞–87	4.86⅜–½	4.85⅜–⅝	4.84½–¾
" " Cables	4.87⅝–¾	4.87½–⅝	4.86⅞–87	4.86⅛–¼	4.86½–⅝
" Commercial long	4.83¼–⅜	4.83⅜–½	4.82⅛–¼	4.81¾–2	4.78¾–7¼
" Docu'tary for paym't.	4.82⅝–3⅝	4.82½–3¾	4.81½–2⅞	4.81¼–2¼	4.77 –79
Paris—Cable transfers	5.16¼–15⅝	5.15⅝–	5.16¼–	5.16⅞–	5.17½–16⅞
" Bankers' 60 days	5.20 –19	5.19⅜–18¾	5.20⅝–20	5.21¼–20⅝	5.23⅛–22½
" Bankers' sight	5.16⅞–¼	5.16¼–	5.16⅞–	5.17½–	5.20 –19⅝
Swiss—Bankers' sight	5.16⅞–	5.16¼–	5.17⅛–16⅞	5.17½–	5.21¼–20⅝
Berlin—Bankers' 60 days	94 9/16–11/16	94⅝–¾	94 3/16–5/16	94⅛–¼	93¼–⅜
" Bankers' sight	95⅛–3/16	95 3/16–¼	94⅞–15/16	94⅞–	94¼–⅜
Amsterdam—Bankers' sight	40 5/16–⅜	40⅜–	40 3/16–¼	40 3/16–¼	40 3/16–⅜
Kronors—Bankers' sight	26¾–27	26¾–27	26¾–⅞	26 13/16–15/16	26½–⅝
Italian lire—sight	5.15⅝–15	5.15 1/16–15	5.15⅝–	5.15⅝–	5.16⅞–¼

centers. The Bank of Germany on October 29 advanced its rate of discount from 5½ to 6½ per cent., the highest rate in a number of years excepting for a short time in December and January last, when 7 per cent. was the rate. The Bank of England advanced its rate from 4½ to 5½ per cent. on October 31, or to within ½ per cent. of its high rate. Discounts of sixty to ninety-day bills in London at the close of the month were 6@6¼ per cent., against 4 per cent. a month ago. The open market rate at Paris was 3¾ per cent., against 3⅝@3¾ per cent. a month ago, and at Berlin and Frankfort 6 per cent., against 5@5⅛ per cent. a month ago.

BANK OF ENGLAND STATEMENT AND LONDON MARKETS.

	July 31, 1907.	Aug. 31, 1907.	Sept. 30, 1907.	Oct. 31, 1907.
Circulation (exc. b'k post bills)	£29,923,000	£29,175,000	£29,920,000	£29,346,000
Public deposits	8,665,000	7,618,000	8,620,000	7,286,000
Other deposits	43,407,000	46,864,000	43,783,000	44,853,000
Government securities	16,084,000	14,574,000	14,336,000	14,336,000
Other securities	29,714,000	31,060,000	30,820,000	34,641,000
Reserve of notes and coin	24,367,000	26,944,000	25,637,000	20,834,000
Coin and bullion	35,839,682	37,668,457	37,106,838	31,727,252
Reserve to liabilities	46.74%	49.40%	48.86%	39.91%
Bank rate of discount	4%	4½%	4½%	5½%
Price of Consols (2½ per cents.)	82⅝	82¾	83 3/16	82 3/16
Price of silver per ounce	31 11/16d.	31½d.	31 3/16d.	27 9/16

SILVER.—Until October 19 there was an uninterrupted decline in the silver market in London, the price dropping from 31 3-16d. to 27 11-16d. There was a subsequent recovery to 28¼d., followed by a decline to 27 7-16d. on October 30. The final price for the month was 27 9-16d., a net decline of 3⅝d.

MONTHLY RANGE OF SILVER IN LONDON—1905, 1906, 1907.

MONTH.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.	MONTH.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.
January	28⅜	27 9/16	30¼	29 11/16	32 7/16	31¼	July	27 5/16	26⅞	30 7/16	29 13/16	31 13/16	31
February	28 5/16	27⅝	30 11/16	30⅛	32⅛	31½	August	28¾	27⅛	30 15/16	29⅞	32 3/16	31⅛
March	27 13/16	25 13/16	30 7/16	29	32 1/16	30⅝	Septemb'r	28¾	28	31¾	30 13/16	31 9/16	31⅛
April	26⅜	25 7/16	30 5/16	29⅝	30½	30	October	28 15/16	28⅜	32 9/16	31 11/16	30⅝	27 7/16
May	27 5/16	26⅛	31⅝	30 5/16	31⅛	29 15/16	Novemb'r	30 5/16	28 13/16	33⅛	32	....	....
June	27⅛	26¾	31 1/16	29⅝	31 1/16	30⅝	Decemb'r	30 5/16	29⅝	32 5/16	31 9/16	....	....

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	Asked.		Bid.	Asked.
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.85	4.88	Mexican 20 pesos	19.50	19.65
Twenty francs	3.87	3.90	Ten guilders	3.95	4.00
Twenty marks	4.73	4.76	Mexican dollars	.46⅛	.52⅛
Twenty-five pesetas	4.78	4.82	Peruvian soles	.46⅛	.45
Spanish doubloons	15.50	15.65	Chilian pesos	.46⅛	.45

Bar silver in London on the first of this month was quoted at 27 9/16d. per ounce. New York market for large commercial silver bars, 59⅝ @ 60⅞c. Fine silver (Government assay), 59⅛ @ 61c. The official price was 59⅝c.

National Bank Circulation.—The volume of national bank circulation was increased nearly $6,000,000 in October, and more than $7,000,000 of Government bonds were deposited to secure circulation. The effort of the Comptroller of the Currency to encourage the increase of circulation probably has not yet shown its full effect. The result of the action of the Secretary of the Treasury in depositing public money in the national banks is seen in an increase of $65,000,000 in the amount of bonds deposited to secure public funds. This increase is entirely represented in the increase in state, city and railroad bonds. There is now nearly $143,000,000 of these securities on deposit to secure Government deposits.

National Bank Circulation.

	July 31, 1907.	*Aug. 31, 1907.*	*Sept. 30, 1907.*	*Oct. 31, 1907.*
Total amount outstanding	$603,395,886	$604,056,321	$603,987,114	$609,980,466
Circulation based on U. S. bonds	555,023,290	556,945,887	556,101,329	562,727,614
Circulation secured by lawful money	48,372,596	47,110,434	47,885,785	47,252,852
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	12,500	12,500	500	......
Four per cents. of 1925	8,482,900	8,518,900	8,517,900	10,732,900
Three per cents. of 1908-1918	4,882,620	5,177,380	5,544,880	6,473,080
Two per cents. of 1930	528,376,950	528,841,550	528,752,100	532,548,550
Panama Canal 2 per cents	16,827,580	16,774,380	16,809,380	17,245,380
Total	$558,582,550	$559,319,710	$559,624,760	$566,994,910

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1925, $6,625,750; 3 per cents. of 1908-1918, $8,641,700; 2 per cents. of 1930, $65,996,550; Panama Canal 2 per cents. $12,427,800; District of Columbia 3.65's, 1924, $1,274,000; Hawaiian Islands bonds, $2,017,000; Philippine loan, $8,989,000; state, city and railroad bonds, $142,889,822; Porto Rico, $780,000; a total of $249,641,622.

Government Revenues and Disbursements.—The United States Treasury reports a small surplus for the month of October, less than $500,000, reducing the deficit for the current fiscal year to $3,935,375. In October last year the surplus was $2,600,000 and since July 1, 1906, $6,500,000. The total revenues in October were nearly $2,000,000 larger than in the same month last year, but the expenditures increased nearly $4,000,000. In the four months of the fiscal year receipts increased $7,500,000 and expenditures $20,000,000.

United States Treasury Receipts and Expenditures.

Receipts.

Source.	*October, 1907.*	*Since July 1, 1907.*
Customs	$28,158,650	$112,315,707
Internal revenue	25,005,856	92,371,925
Miscellaneous	5,868,739	19,911,843
Total	$59,028,215	$224,599,475
Excess of receipts	$483,858	*$3,935,375

*Excess of expenditures.

Expenditures.

Source.	*October, 1907.*	*Since July 1, 1907.*
Civil and mis	$14,887,826	$50,836,968
War	8,831,337	41,575,098
Navy	10,426,676	37,384,485
Indians	939,181	5,081,725
Pensions	11,471,653	49,328,618
Public works	8,672,748	35,512,567
Interest	3,314,936	8,815,389
Total	$58,544,357	$228,534,850

United States Public Debt.—The most important feature of the public debt statement for October is an increase of nearly $28,000,000 in gold certificates issued. Since July 1 $70,000,000 of these certificates have been issued, the total amount now reaching nearly $750,000,000. The aggregate debt is $2,492,000,000, of which nearly one-half, or $1,225,000,000, consists of certificates and Treasury notes. The net cash in the Treasury is $387,000,000, a decrease of $2,000,000 for the month, and the net debt less cash in the Treasury is $879,000,000, an increase of $1,000,000.

United States Public Debt.

	Aug. 1, 1907.	*Sept. 1, 1907.*	*Oct. 1, 1907.*	*Nov. 1, 1907.*
Interest-bearing debt:				
Consols of 1930, 2 per cent	$646,250,150	$645,250,150	$646,250,150	$646,250,150
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Loan of 1908-1918, 3 per cent	63,945,460	63,945,460	63,945,460	63,945,460
Panama Canal Loan of 1916, 2 per cent.	30,000,000	30,000,000	30,000,000	30,000,000
Total interest-bearing debt	$858,685,510	$858,685,510	$858,685,510	$858,685,510
Debt on which interest has ceased	13,563,135	9,623,105	8,272,545	6,930,955
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	47,428,404	46,445,882	46,993,774	47,239,336
Fractional currency	6,863,994	6,863,994	6,863,994	6,863,549
Total non-interest bearing debt	$401,026,696	$400,044,174	$400,592,066	$400,837,184
Total interest and non-interest debt.	1,273,275,342	1,268,352,790	1,267,550,122	1,266,453,649
Certificates and notes offset by cash in the Treasury:				
Gold certificates	694,930,869	710,938,869	720,889,869	748,637,869
Silver certificates	474,068,000	472,011,000	473,723,000	471,527,000
Treasury notes of 1890	5,891,000	5,787,000	5,707,000	5,613,000
Total certificates and notes	$1,174,889,869	$1,188,736,869	$1,200,319,869	$1,225,777,869
Aggregate debt	2,448,165,211	2,457,089,659	2,467,869,991	2,492,231,518
Cash in the Treasury:				
Total cash assets	1,684,605,842	1,690,187,768	1,709,871,167	1,728,283,122
Demand liabilities	1,296,031,654	1,303,527,360	1,320,319,853	1,341,056,103
Balance	$388,574,188	$386,660,408	$389,551,314	$387,227,019
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	238,574,188	236,660,408	239,551,314	237,227,019
Total	$388,574,188	$386,660,408	$389,551,314	$387,227,019
Total debt, less cash in the Treasury	884,701,154	881,692,382	877,998,808	879,226,630

Foreign Trade.—September exports have varied but little in the past four years. This year they were $135,000,000, as compared with

Exports and Imports of the United States.

Month of September.	Merchandise.				Gold Balance.		Silver Balance.	
	Exports.	*Imports.*	*Balance.*					
1902	$121,236,384	$87,736,346	Exp.,	$33,500,038	Imp.,	$4,451,101	Exp.,	$2,236,396
1903	110,364,840	81,816,642	"	28,548,198	"	4,186,782	"	680,776
1904	134,265,424	84,124,975	"	50,140,449	"	1,496,587	"	1,375,739
1905	135,983,816	101,897,330	"	33,996,486	"	4,130,788	"	1,687,454
1906	138,496,954	102,618,323	"	35,878,631	"	29,152,116	"	331,752
1907	135,351,301	106,317,796	"	29,033,505	"	1,230,250	"	2,259,344
Nine Months.								
1902	943,165,484	702,149,643	Exp.,	241,015,841	Exp.,	6,089,827	Exp.,	16,876,695
1903	989,276,471	758,798,236	"	230,478,235	"	9,896,179	"	8,282,166
1904	985,468,881	751,394,339	"	234,074,542	"	14,345,238	"	19,452,869
1905	1,102,551,375	872,272,528	"	230,278,847	"	12,338,319	"	14,936,212
1906	1,237,834,424	948,267,117	"	289,567,307	Imp.,	75,986,055	"	12,447,270
1907	1,331,621,655	1,108,134,988	"	223,486,667	Exp.,	19,042,526	"	13,516,222

$138,000,000 in 1906, $136,000,000 in 1905 and $134,000,000 in 1904. Imports show an increase of $3,700,000 over September, 1906, of $4,000,000 over 1905, and of $22,000,000 over 1904. The excess of exports is $29,000,000—the smallest for that month since 1903. For the nine months of the current calendar year the exports exceed the imports by $223,000,000. This is the smallest balance recorded in a number of years. In 1901 the net exports for the nine months were nearly $400,-000,000. Compared with that year, exports show a gain of $285,000,000 and imports of $462,000,000. The gold movement shows a loss of $19,000,000, as against a gain of $76,000,000 last year.

Money in Circulation in the United States.—More than $70,-000,000 was added to the volume of circulation in October, and this increase was in nearly every form of money. Gold coin increased $12,-000,000, gold certificates $37,000,000, silver dollars $4,000,000, fractional silver $2,000,000, silver certificates $3,000,000, and national bank notes $11,000,000. There was only a slight increase in legal-tender notes, but that was due to the fact that all but about $3,500,000 of these notes were already outstanding.

Money in Circulation in the United States.

	Aug. 1, 1907.	*Sept. 1, 1907.*	*Oct. 1, 1907*	*Nov. 1, 1907.*
Gold coin	$566,036,725	$560,356,994	$561,956,589	$574,459,186
Silver dollars	81,255,667	82,114,368	84,758,166	88,822,959
Subsidiary silver	122,248,618	123,118,909	124,986,237	127,461,229
Gold certificates	614,461,389	627,905,609	640,204,609	677,295,909
Silver certificates	463,816,437	460,505,171	460,847,251	464,349,568
Treasury notes, Act July 14, 1890	5,881,050	5,777,961	5,700,348	5,601,926
United States notes	341,104,470	342,501,772	343,125,625	343,254,153
National bank notes	586,519,204	586,920,836	584,275,549	595,123,866
Total	$2,781,323,560	$2,789,201,620	$2,805,854,874	$2,876,368,696
Population of United States	86,193,000	86,311,000	86,429,000	86,547,000
Circulation per capita	$32.27	$32.32	$32.46	$33.23

Money in the United States Treasury.—In coming to the relief of the money market the Treasury reduced its net cash holdings $56,000,000 last month. The net gold was reduced from $280,000,000 to $238,000,-000. The total cash was reduced $16,000,000, while certificates outstanding were increased $41,000,000.

Money in the United States Treasury.

	Aug. 1, 1907.	*Sept. 1, 1907.*	*Oct. 1, 1907.*	*Nov. 1, 1907.*
Gold coin and bullion	$908,132,013	$912,206,334	$921,013,121	$915,283,759
Silver dollars	486,995,863	486,137,162	483,493,364	479,427,023
Subsidiary silver	8,587,949	8,385,569	7,812,842	6,661,373
United States notes	5,576,546	4,179,244	3,555,391	3,426,863
National bank notes	16,876,682	17,135,485	19,711,565	14,856,600
Total	$1,426,169,053	$1,428,043,794	$1,435,586,288	$1,419,655,618
Certificates and Treasury notes, 1890, outstanding	1,084,158,876	1,094,188,741	1,106,752,208	1,147,247,403
Net cash in Treasury	$342,010,177	$333,855,053	$328,834,075	$272,408,215

Supply of Money in the United States.—An increase of $14,000,-000 in October is reported in the total supply of money. Of this $7,000,-

000 was in gold, $1,000,000 in fractional silver, and $6,000,000 in national bank notes.

Supply of Money in the United States.

	Aug. 1, 1907.	Sept. 1, 1907.	Oct. 1, 1907.	Nov. 1, 1907.
Gold coin and bullion	$1,474,168,738	$1,472,563,328	$1,482,969,710	$1,489,742,845
Silver dollars	568,251,530	568,251,530	568,251,530	568,249,982
Subsidiary silver	130,836,567	131,504,478	132,799,079	134,122,602
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	603,395,886	604,056,321	603,987,114	609,980,466
Total	$3,123,333,737	$3,123,056,673	$3,134,688,449	$3,148,776,911

NEW COUNTERFEITS.

NEW Counterfeit $10 (Buffalo) United States Note.—Series of 1901; check letter A; face plate No. 461; back plate No. 201; serial No. B4629945; W. T. Vernon, Register of the Treasury; Charles H. Treat, Treasurer of the United States; portraits of Lewis and Clark.

This counterfeit, which made its appearance in New York city, and was detected at the National Park Bank by Charles Richmond, is a photomechanical production on two pieces of rather stiff paper, between which red and blue silk fibre has been scattered. Both the picture of the buffalo and the portraits of Clark and Lewis are defective and in the masses of shadow lose detail. The denominational design, the seal, and numbering are a darker red than the genuine. The back is a dark blue-green. This note is evidently made by the same persons who are responsible for the $10 United States note described in our circular letter No. 251, dated November 13, 1906. As with that note it may be considered as deceptive when being handled alone by persons unfamiliar with money, but the texture of the paper and the color of the back will attract the attention of an expert.

NEW Counterfeit $5 Silver Certificate.—Series 1899; check letter D; face plate number so faint as to be uncertain—probably 64; back plate number also shadowy—probably 567; W. T. Vernon, Register; Charles H. Treat, Treasurer; portrait of Onepapa. The serial number of the note under inspection is D15889140. This note made its appearance in New York, is a photomechanical production of a deceptive character except as to the paper—two pieces pasted together with fibre between—which is stiff. Almost all the fine up-strokes in the script lettering on the face of note are lost, and in the Indian's feather war bonnet the fine detail of the feathers is wholly missing and there appears simply a blank space, between the lower and upper ends of the feathers.

While the general appearance of the note is good, the back is blue green in tint and should be instantly detected by anyone familiar with money.

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—Toward the end of last month banking conditions in New York were much disturbed. The trouble began at the Mercantile National Bank, leading to the resignation of F. Aug. Heinze, the president, and was followed by the retirement of C. W. Morse from the directorate of several banks. Later the Knickerbocker Trust Company was compelled to suspend, after paying out large amounts to its depositors, and there was a strong run on one or two other banks and trust companies. The Hamilton Bank, the Twelfth Ward Bank, the U. S. Exchange Bank were also compelled to suspend. The suspension of the Brooklyn Bank, the Borough Bank, Jenkins Trust Co., Williamsburgh Trust Co. and First National Bank of Brooklyn was also announced. The savings banks of New York also announced that they would require legal notice of withdrawals. At the time this is written (October 25), the distrust has been partially allayed by the action of the Treasury Department in depositing large amounts of public money with the New York banks, and by the aid of powerful local bankers.

—"When To Buy Bonds" is the title of an instructive booklet issued by the Guaranty Trust Company of New York.

—A prospectus has been issued for the formation of the Citizens' Trust Company of New York, with a proposed capital and surplus of $3,600,000, the shares to be of a par value of $25, but to be sold at a premium of $11. J. N. Huston, a former Treasurer of the United States is the trustee through whom subscriptions will be received, and the Oriental Bank of New York will act as depository of subscriptions.

—William F. Haveymeyer succeeds Alfred H. Curtis as president of the National Bank of North America, and Alfred H. Curtis succeeds Charles W. Morse as vice-president.

—On October 17 the Stock Exchange house of Van Schaick & Co. of 7 Wall Street celebrated the fiftieth anniversary of the firm's membership in the Stock Exchange.

The house, which was founded by Jacob Van Schaick in 1857, is at present composed of J. B. Van Schaick and Derby Crandall. The grandson of the founder, J. B. Van Schaick, is the floor member, and is therefore the third generation of the family on the Exchange.

—The Fidelity Trust Company has been approved by the Superintendent of Banks of the State of New York as a depository for the reserves of state banks and trust companies of this state.

—The work of remodeling the old Custom House for the National City Bank will be begun soon. The making of alterations will take about a year. The plans provide for a main entrance of mammoth and imposing proportions. The first floor is to be lowered to the present basement level and a few steps will lead directly into the bank proper. The great columns of granite on the Wall street front of the building are to be kept intact, and no other changes are to be made in its general architectural features.

The top story, which is twenty years younger than the other parts of the building, is to be removed and four new stories added in its place. These will be constructed in exact conformity with the plans of the original architect. The front of three of these new stories is to be graced by Corinthian columns superimposed over the larger columns standing below; next will come a frieze and then a balustrade.

SETH M. MILLIKEN,
President Mercantile National Bank of New York.

—Seth M. Milliken has been elected president of the Mercantile National Bank, to succeed F. Aug. Heinze, resigned. Wm. Skinner and Gerish H. Milliken were elected additional vice-presidents.

—Control of the Century Bank, it is reported, has passed from ex-president George Chapman and his associates to a group of financial and mercantile men headed by H. J. Crawford and George F. Vietor, Mr. Crawford becoming president.

—Plans have been filed for a new five-story building to be erected at the northwest corner of Fifth avenue and Twenty-eighth street by the Second National Bank, which has for many years had quarters in the Fifth Avenue Hotel.

The new structure will have an avenue frontage of 38 feet and a depth of 100 feet with facades of limestone, brick, and terra cotta. The bank will occupy the first floor, a mezzanine story, and the basement. The building is to cost $140,000. The site is now being cleared.

—John Crosby Brown of Brown Bros. & Co., has been elected vice-president of the United States Trust Company, to succeed the late D. Willis James.

—The new Hungarian-American Bank recently opened for business at 36 Broadway. Its directors are Leroy W. Baldwin, Hugo Blumenthal, Alfred C. Codet, James R. Curren, Louis Ettlinger, Max Goebel, Albert Roberts, J. Frederick Talcott, Christian F. Tietjen, William Woodward and John Alvin Young.

The capital of the bank has all been subscribed by the Hungarian Central Credit Bank of Budapest, and a leading feature of its business will be in facilitating transactions between this country and Austria-Hungary.

NEW ENGLAND STATES.

—It is announced that the Savings Bank of Danbury, Ct., will either remodel its present building or put up a new one.

—The Exchange Trust Company of Boston began business October 1 with $250,000 capital. Its officers are: President, John J. Martin; vice-presidents, John C. Hatch and John Q. A. Brackett; secretary, G. Wallace Tibbetts; treasurer, Robert E. Fay.

—Charles L. Burrill, vice-president and treasurer of the American Trust Co., Boston, retired from that position on October 15, having resigned in order to become vice-president and treasurer of the Manufacturers' Commercial Co., New York.

MIDDLE STATES.

—A. R. Drew has been appointed superintendent of agencies of the Mutual Benefit Life Insurance Company, Newark, N. J.

—On October 23 Percival Roberts, Jr., was elected a member of the board of directors of the Pennsylvania Railroad in the place of Alexander M. Fox, deceased. Mr. Roberts is a capitalist, who was born in Philadelphia in 1857. He is a graduate of Haverford College, class of 1876 and took a post graduate course in the University of Pennsylvania. He is a director of the Philadelphia National Bank, of the Land Title and Trust Company, a member of the American Society of Civil Engineers, the American Institute of Mining Engineers, and the American Society of Mechanical Engineers.

—A movement inaugurated some time ago in Pennsylvania, to organize a system of "grange" banks, has met with considerable success. A convention of these banks was held at Williamsport on October 12, and an association formed which will be known as the Grange National Bankers' Association of America. John G. McHenry of Benton, Pa., was elected president.

It is declared that the purpose of these banks is to interest farmers as a class in banking, but not to antagonize existing banks.

—The New Columbia National Bank of Buffalo, N. Y., is now in its elegantly appointed rooms in the Chamber of Commerce building. Since the opening, President George F. Rand has received many expressions of admiration for the handsomely finished offices.

SOUTHERN STATES.

—A. D. Hensley, secretary of the Bay City (Texas) Board of Trade, advises The Magazine that on October 19 the Matagorda Improvement District voted an issue of $100,000 in bonds, the money to be used for drainage purposes.

—Prosperity was indicated at the recent annual meeting of the Union Bank and Trust Co., Houston, Tex., when a dividend of six per cent. was paid on the $500,000 capital and an additional nine per cent. passed to the surplus. H. N. Tinker, heretofore cashier, was elected vice-president, and D. C. Dunn was elected cashier.

—Some of the prosperous Southern banks that expect to be in new quarters soon are the First National of Montgomery, Ala., and the City National Bank of Temple, Texas. Both institutions will have magnificent buildings amply sufficient to accommodate their growing business.

—A new building is just being finished for the Citizens' National Bank, Macon, Ga.

—The Fourth National Bank of Macon has increased its capital from $250,000 to $400,000.

—The American National Bank, Shreveport, La., now occupies its new six-story building.

—It is reported that a new building will be put up for the State Bank and Trust Company, recently chartered at Jackson, Miss.

WESTERN STATES.

—Charles G. Dawes, former Comptroller of the Currency, and now president of the Central Trust Company of Illinois, Chicago, has become resident vice-president of the National Surety Company of New York, and a member of the Chicago advisory board of that company.

—At a meeting of the board of trustees of the Detroit Museum of Art, October 21, Col. Fred E. Farnsworth, the retiring secretary, who had served for twenty years, was presented with a fine gold watch by the members of the board as a token of appreciation of his services. Col. Farnsworth was elected secretary of the American Bankers' Association at the recent convention of the association.

—The St. Louis Clearing-House Association unanimously decided on October 15 to establish a bureau for the compulsory examination of every bank and trust company in St. Louis or those who clear through the association, whenever the clearing-house management committee deems it advisable.

This is in line with action taken by the clearing-houses of several other large cities, and is in pursuance of the sound policy which has long characterized banking in St. Louis.

—Since beginning business on January 4, 1905, the First State Bank of Elkhart, Ind., has steadily gained in business. Deposits were $229,063 on August 22, 1905, $463,796 August 22, 1906, and $615, 535 on August 22 of the present year. The capital is $50,000 and surplus and profits $20,876. Officers are: president, Norman Sage; vice-president, J. Goldberg; cashier, Chas. T. Greene; assistant cashier, Frank A. Sage. They have been actively identified with banking in Elkhart the past twenty-five years.

—One of the very old banks of Michigan is B. Dansard & Son's State Bank of Monroe, established in 1858 as a private bank by Benjamin Dansard. Mr. Dansard was a Frenchman who located at Monroe in 1836, where he engaged in the mercantile business. The incorporation as a state bank dates from 1905. Its capital is $50,000, surplus and profits $3,300, and deposits over $400,000.

—The annual meeting of the Des Moines (Iowa) Bankers' Club was held on the evening of October 11, and the following officers were elected:

President, John H. Blair, vice-president Des Moines National Bank.

Vice-president, G. D. Ellyson, president Marquardt Savings Bank.

Secretary and treasurer, W. E. Barrett, cashier Valley National Bank.

Chairman executive committee, J. D. Whisenand, vice-president Central State Bank.

—Stockholders of the Des Moines (Iowa) Savings Bank met recently and voted to reduce the capital stock of the bank to $200,000 and organize the American National Bank with a capital of $700,000. No change was made in the directory board.

—The National Produce Bank of Chicago has leased new quarters in the Ogden building at Clark and Lake streets and will refit them for occupancy.

—Six counties, composing Group I of the Ohio Bankers' Association met recently and were formally organized. The eight other groups were to be organized later.

—At the second annual meeting of the shareholders of the West End Bank and Trust Company, Cincinnati, recently held, the stockholders decided by a unanimous vote to increase the capital from $50,000 to $100,000, the increase to be practically all taken by present shareholders at $110 per share. The present officers and directors were all re-elected.

—The St. Louis Clearing-House Association will move early in the coming year from the Merchants' Exchange to the new building of the Third National Bank.

—Oshkosh, Wis., is soon to have a new bank—the Oshkosh Savings and Mercantile Bank, which will have $100,000 capital.

—The First National Bank of Grand Rapids, Wis., recently celebrated its thirty-fifth anniversary.

PACIFIC SLOPE.

—Spokane, Wash., is to have a bank conducted on co-operative principles. It will be called the Equity Bank, and will be under the management of E. W. Swanson.

—Tacoma bank clearings for the nine months ending September 30, 1907, were $183,105,396.85—a gain of almost $40,000,000 compared with the same period in 1906.

—The Oakland (Cal.) Bank of Savings is completing a six-story building.

—On August 22 the State Savings Bank of Ionia, Mich., reported $1,056,511 deposits, an increase of $201,885, or fourteen per cent., since September 4, 1906.

CUBA.

—The National Bank of Cuba has issued a booklet showing its organization and development since its incorporation six years ago. The bank started business with a capital of $1,000,000, which was increased to $5,000,000 in 1904, and which is now fully paid up. Its surplus and profits on June 29 last amounted to $891,000, out of which $200,000 semi-annual dividend was paid July 1. Dividends of six per cent. per annum were declared up to December, 1903, and since then eight per cent. per annum has been paid.

There are now fourteen branches of the National Bank of Cuba—one in each of the twelve leading cities, and two in Havana. It has over 11,000 depositors' accounts, amounting to $14,600,000, an increase in less than six years of $10,500,000. Its loanable funds amounting to over $10,000,000, are lent to business interests in Cuba.

The bank through its main office at Havana and the branches, covering all the important centres of the Island, is well equipped for handling collections on Cuban points. Edmund G. Vaughan, president of the National Bank of Cuba, is well known among bankers in the United States.

The New York agency of the National Bank of Cuba is at 111 Broadway.

CANADA.

—Official returns of the thirty-five chartered banks of Canada for the month ended September 30 show total assets of $961,240,415, an increase of close to $52,000,000 over the same month last year, and of $11,000,000 as compared with the previous month of this year.

Call loans in Canada amounted to $47,298,000, a decrease of $12,000,000 for the year, and of $500,000 for the month. Call loans outside of Canada amount to $63,158,000, a decrease of $500,000 for the year, but an increase of $1,000,000 for the month. Current loans in Canada amount to $578,207,000, an increase of $63,000,000 for the year, and of $2,000 for the month.

Savings deposits were $421,167,701, a decrease for the month of $4,579,655.

WITH BANKERS MAGAZINE ADVERTISERS.

"CHEER UP AND 52 REASONS WHY."

A sunny little booklet comes from the makers of the Burroughs Adding Machine, bearing the above title. It is from the pen of E. St. Elmo Lewis, advertising manager of the Burroughs, and is illustrated with thumb-nail cartoons in colors that serve to emphasize the humorous jabs with which the text is sprinkled.

It is evidently the aim of this booklet to stick a few Burroughs arguments under the skin of the reader while he indulges in a grin over the contents, the advertising matter being sugar-coated, as it were. Among the fifty-two admonitions to "cheer up," the following deserve notice:

"There's no finish for the man who goes round in a ring; or up and down a column, when a machine would make one bite of it."

"Even if you have taken a few prizes as a lightning calculator is no sign that you want to do it when there's nobody looking."

"We feel just as you do about clerks making errors—they simply don't do such things in our office. (That's the reason we pay for ink eradicators and buy pencils with erasers on the end.) The machine is infallibly accurate—no matter how fast or how slow it is operated, it cannot make an error."

"So long as all agree that 2 and 2 make 4—let's put the brain to other tasks."

"Why is it that banks make money on a margin of six per cent. and most merchants go broke on twenty-five to fifty per cent? System."

"Prevention is better than knowing who did it."

"The most interesting part of the pay-roll is the part of it where you (the employer) get yours—which depends upon how much you have to give others for doing what a Burroughs machine might do."

"The ten-per-cent. man can't last long in a ninety-per-cent. man's job—yet they may look as much alike as two adding machines."

"While you continue to do a certain thing simply because you have always done it, your competitors feel perfectly satisfied."

"Just because he had never known it to be done that way before, has lost many a man an interest in millions."

"Some buttons, a box, a typewriter carriage and a guarantee are no more an adding machine than a carnation and a suit of clothes are a salesman."

"If it took three clerks to check back the work of five—just to be sure—how much would you be willing to save if it took one Burroughs to do the whole business?"

"Some folks have to wait until they see everybody do a thing before they screw up courage enough to try it—then everybody is generally doing something better."

"Let the machine travel the beaten track, and the brain may then be a pathfinder."

The Burroughs Company announce that a copy of this little book will be sent to any business man in need of a "cheer up," if he will ask for it on his business stationery.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organized since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

First National Bank, Springfield, S. D.; by E. Colburn, et al.

First National Bank, Coopersburg, Pa.; by C. F. Newcomer, et al.

First National Bank, Springfield, Oreg.; by J. B. Bell, et al.

Farmers National Bank, Wadesville, Ind.; by Joel Bailey, et al.

First National Bank, Patoka, Ind.; by V. P. Bozeman, et al.

First National Bank, Alachua, Fla.; by C. A. Faircloth, et al.

First National Bank, San Leandro, Cal.; by R. B. Murdoch, et al.

Western National Bank, Odessa, Tex.; by T. G. Hendrick, et al.

First National Bank, Decatur, Neb.; by E. A. Hanson, et al.

First National Bank, Saratoga, Wyo.; by J. A. Rendle, et al.

First National Bank, Alex, I. T.; by R. Rudesill, et al.

First National Bank, Fairview, Mo.; by L. M. Dozier, et al.

First National Bank, Orbisonia, Pa.; by A. B. Gillan, et al.

First National Bank, Corcoran, Cal.; by W. C. Patterson, et al.

First National Bank, Cambridge, Ia.; by E. P. Healy, et al.

First National Bank, Iron River, Wis.; by R. A. Steckbauer, et al.

State National Bank, Anadarko, Okla.; by L. T. McPheeters, et al.

First National Bank, Markleysburg, Pa.; by M. H. Dean, et al.

First National Bank, Eureka, Mont.; by A. D. Baker, et al.

First National Bank, Fithian, Ill.; by C. V. McClenathan, et al.

First National Bank, Youcalla, Oreg.; by McW. Daugherty, et al.

Merchants' National Bank, Salida, Colo.; by D. H. Craig, et al.

First National Bank, New Sharon, Ia.; by M. Bainbridge, et al.

First National Bank, Cassville, Mo.; by J. W. Orr, et al.

First National Bank, Milford, Conn.; by F. H. Woodruff, et al.

First National Bank, Howland, Tex.; by W. R. Justiss, et al.

First National Bank, St. Johns, Oreg.; by F. P. Drinker, et al.

American National Bank, Des Moines, Ia.; by Simon Casady, et al.

Tennyson National Bank, Tennyson, Ind.; by Joel Bailey, et al.

Citizens' National Bank, St. Johns, Oreg.; by R. M. Tuttle, et al.

Stockgrowers and Farmers' National Bank, Wallowa, Oreg.; by C. T. McDaniel, et al.

Elverson National Bank, Elverson, Pa.; by Hy. S. Zook, et al.

First National Bank, Goldsboro, Pa.; by C. E. Bair, et al.

Harrison National Bank, Rosedale, Ind.; by J. H. Harrison, et al.

First National Bank, Blair, Okla.; by Chas. A. Huber, et al.

Application for Conversion to National Banks Approved.

Bank of Newark, Newark, Ark.; into First National Bank.

Dakota County State Bank, Lakeville, Minn.; into First National Bank.

Farmers and Merchants' Bank, Randlett, Okla.; into First National Bank.

Salem State Bank, Salem, Oreg.; into United States National Bank.

Union Commercial and Savings Bank, Superior, Wis.; into City National Bank.

National Banks Organized.

8884—Citizens' National Bank, Grand Saline, Tex.; capital, $30,000; Pres., Jno. M. Dean; Vice-Pres., W. E. Easterwood; Cashier, K. N. Matthews.

Citizens' National Bank, Anderson, S. C.; by D. P. McBrayer, et al.

First National Bank, Dover, Pa.; by R. O. Lauer, et al.

First National Bank, Scottsboro, Ala.; by L. W. Rorex, et al.

First National Bank, Chaumont, N. Y.; by Jno. F. George, et al.

First National Bank, Blackwell, Tex.; by J. V. W. Holmes, et al.

First National Bank, Wetmore, Kans.; by F. P. Achten, et al.

First National Bank, Olney, Tex.; by W. M. McGregor, et al.

First National Bank, Carbondale, Colo.; by Edw. T. Taylor, et al.

Mechanicsburg National Bank, Mechanicsburg, Pa.; by M. H. Spahr, et al.

First National Bank, Elmer, Okla.; by B. E. Kelly, et al.

Farmers' National Bank, Weatherford, Okla.; by L. J. Daniel, et al.

8885—Central National Bank, Lincoln, Neb.; capital, $150,000; Pres., P. L. Hall; Vice-Pres., F. E. Johnson; Cashier, B. C. Fox; Asst. Cashier, W. W. Hackney, Jr.

8886—First National Bank, Sheyenne, N. D.; capital, $25,000; Pres., H. Peoples; Vice-Pres., S. M. Nelson; Cashier, S. G. Severtson; Conversion of Bank of Sheyenne.

8887—German-American National Bank, Marion, Wis.; capital, $25,000; Pres., N. M. Engler; Vice-Pres's R. C. Brown and Chas. J. Wojahn; Cashier, J. H. Driessen.

8888—First National Bank, Harrison, Neb.; capital, $50,000; Pres., F. W. Clarke; Cashier, W. H. Davis.

8889—First National Bank, Savannah, Tenn.; capital, $50,000; Pres., E. D. Patterson; Vice-Pres., H. E. Williams; Cashier, J. J. Williams; Asst. Cashier, A. J. Williams; Conversion of Bank of Savannah.

8890—Peoples' National Bank, West Conshohocken, Pa.; capital, $25,000; Pres., C. Hodson; Vice-Pres., Jno. Fearnside; Cashier, Henry Wells.

8891—First National Bank, Canton, Tex.; capital, $26,000; Pres., M. L. Cox; Vice-Pres., L. L. Jester; Cashier, S. Starnes; Asst. Cashier, I. Christopher.

8892—First National Bank, Palestine, Ill.; capital, $25,000; Pres., E. H. Burridge; Vice-Pres., E. E. Mattox; Cashier, C. E. Patton; Asst. Cashier, C. F. Burridge.

8893—First National Bank, Chateaugay, N. Y.; capital, $75,000; Pres., B. C. Bort; Vice-Pres., C. L. Bentley; Cashier, T. P. Kennedy; Asst. Cashier, E. W. Powers.

8894—Citizens National Bank, Washington, Ga.; capital, $50,000; Pres., R. O. Barksdale; Vice-Pres., J. S. Crouch; Cashier, C. E. Irwin.

8895—First National Bank, Waitsburg, Wash.; capital, $50,000; Pres., L. Neace; Vice-Pres., J. W. Morgan; Cashier, W. G. Shuham; Conversion of Merchants' Bank.

8896—First National Bank, Buffalo, Okla.; capital, $25,000; Pres., H. F. Johnson; Cashier, E. C. Johnson.

8897—Farmers and Merchants' National Bank, Anson, Tex.; capital, $50,000; Pres., Geo. H. Baker; Cashier, E. M. Crump.

8898—First National Bank, Nauvoo, Ill.; capital, $35,000; Pres., Milo P. Fulton; Vice-Pres., Geo. W. Dachroth; Cashier, Fred Salm, Jr.; Asst. Cashier, J. H. Farren; Conversion of Peoples' State Bank.

8899—City National Bank, Galveston, Tex.; capital, $200,000; Pres., W. L. Moody, Jr.; Vice-Pres., J. W. Riddell; Cashier, S. T. Hanson.

8900—First National Bank, Hawkeye, Ia.; capital, $25,000; Pres., Chas. W. Bopp; Vice-Pres., Will E. Bopp; Cashier, E. L. Bopp; Conversion of Bopp Brothers State Bank.

8901—First National Bank, Somerfield, Pa.; capital, $25,000; Pres., J. W. Endsley; Vice-Pres's., Wm. A. Frey and A. Van Sickel; Cashier, Geo. B. Frazer.

8902—First National Bank, Creedmoor, N. C.; capital, $25,000; Pres., J. B. Mason; Vice-Pres., J. F. Sanderford; Cashier, W. B. Lasley.

8903—First National Bank, Burnside, Ky.; capital, $26,000; Pres., W. E. De Laney; Vice-Pres., G. S. Dudley; Cashier, C. H. Bowlds.

8904—Ansted National Bank, Ansted, W. Va.; capital, $35,000; Pres., Wm. N. Page; Vice-Pres., G. W. Imboden; Cashier, W. L. Burruss.

8905—Salyersville National Bank, Salyersville, Ky.; capital, $25,000; Pres., Jeff Prater; Vice-Pres., Geo. Carpenter; Cashier, E. L. Stephens; Asst. Cashier, W. R. May; Conversion of Salyersville Bank.

8906—First National Bank, Mullan, Idaho; capital, $25,000; Pres., T. L. Greenough; Vice-Pres., W. D. Greenough; Cashier, Jno. W. Smead.

8907—Citizens' National Bank, Riverside, Cal.; capital, $150,000; Pres., S. H. Herrick; Vice-Pres., Chas. H. Low; Cashier, W. B. Clancy; Asst. Cashiers, C. W. Derby, M. J. Twogood and E. C. Sears; Conversion of Citizens' Bank.

8908—First National Bank, Blandinsville, Ill.; capital, $30,000; Pres., H. R. Grigsby; Vice-Pres., D. F. Beacom; Cashier, F. S. Greene; Asst. Cashier, M. B. Welsh.

8909—First National Bank, Lafayette, Colo.; capital, $25,000; Pres., W. S. Russell; Vice-Pres., Geo. F. Castle; Cashier, E. H. Castle.

8910—First National Bank, Florala, Ala.; capital, $50,000; Pres., G. H. Malone; Vice-Pres., J. E. Hughes; Cashier, J. J. Morris.

8911—Ochiltree National Bank, Ochiltree, Tex.; capital $26,000; Pres., Geo. M. Perry; Vice-Pres., James D. Hamlin; Cashier, James D. Wyman.

8912—Albion National Bank, Albion, Ind.; capital, $26,000; Pres., C. M.

Clapp; Vice-Pres's., L. R. Ayers and Jno. W. Earle; Cashier, W. S. Cramer.

8913—First National Bank, Bernville, Pa.; capital, $25,000; Pres., J. F. Talley; Vice-Pres's., Jno. R. Kalbach, F. H. Stump, and M. C. Berger; Cashier, Aug. M. Brown.

8914—First National Bank, Steelville, Mo.; capital, $25,000; Pres., W. J. Underwood; Vice-Pres's., R. Stephan, Wm. M. Chapman and A. L. Reeves; Cashier, M. W. Lichius.

8915—Griswold National Bank, Griswold, Ia.; capital, $50,000; Pres., Hamilton Wilcox; Vice-Pres., J. Boller; Cashier, A. G. Arrasmith.

8916—First National Bank, Fairview, Mo.; capital, $25,000; Pres., Robt. S. Carpenter; Vice-Pres., Daniel S. Russell; Cashier, Luther M. Dozier.

8917—Merchants National Bank, Wimbledon, N. D.; capital, $30,000; Pres., Jno. Russell; Vice-Pres., Robt. Clendening; Cashier, Jno. J. Feckler; Asst. Cashier, W. M. Osborne; Conversion of the Merchants State Bank.

8918—First National Bank, Frankford, Del.; capital, $25,000; Pres., Everett Hickman.

8919—First National Bank, Bruin, Pa.; capital, $25,000; Pres., J. F. Shiever; Vice-Pres., C. M. Myers; Cashier, J. H. Heiner.

8920—Citizens National Bank, Oneonta, N. Y.; capital, $100,000; Pres., F. H. Bresee; Vice-Pres., Jno. Graney; Cashier, Allen D. Rowe.

8921—Luzerne National Bank, Luzerne, Pa.; capital, $50,000; Pres., Calvin Perrin; Vice-Pres., Wm. J. Parry; Cashier, G. M. Harris.

8922—Sherman National Bank, New York, N. Y.; capital $200,000; Pres., E. C. Smith; Vice-Pres., Wm. H. Maclay; Cashier, Chas. G. Colyer; Asst. Cashier, G. C. Marshall.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Cherokee—Merchants Bank (Branch of Decatur); Mngr., Clyde Hendricks.

Gaylesville—Bank of Gaylesville; capital, $12,500; Pres., A. B. Russell; Vice-Pres., J. R. Henderson; Cashier, W. Chesnut.

Winfield—Winfield State Bank; capital, $16,000; Pres., P. M. R. Spam; Vice-Pres., W. M. Ward; Cashier, J. G. Stalcup.

ARKANSAS.

El Dorado—American Bank & Trust Co.; capital, $50,000; Pres., C. H. Newell; Vice-Pres., R. K. Puryear; Cashier, W. J. Pinson; Asst. Cashier, S. R. Morgan.

Omaha—Bank of Omaha; capital, $10,000; Pres., J. H. Middleton; Vice-Pres., L. E. Herbert; Cashier, Lu. Kirby.

Ravendon Springs—Security Bank; capital, $4,000; Pres., B. E. Pickett; Vice-Pres., J. B. Hatch; Cashier, J. L. Witt.

CALIFORNIA.

Reedley—Farmers and Merchants' Bank; capital, $25,000; Pres., I. J. Peck; Vice-Pres., J. E. Salle; Cashier, Marion Deneen; Asst. Cashier, W. J. Wickerstram.

San Diego—Bank of Commerce & Trust Co. (succeeded Nat. Bank of Commerce and Security Sav. Bank & Trust Co.); capital $500,000; Pres., J. Wangenheim; Vice-Pres's., F. S. Jennings and G. W. Marston; Cashier, J. S. Harley, Jr.; Asst. Cashiers, L. M. Arey and M. H. Epstein.

San Francisco—Capital, $75,500; Pres., Look Poong Shan; Vice-Pres., Lew Hing; Cashier and Mgr., I. P. Allen.

COLORADO.

Pierce—Bank of Pierce; capital, $10,000; Pres., J. C. Stovall; Vice-Pres., G. Jones; Cashier, C. W. Martin.

Pueblo—Bank of Commerce; Pres., Geo. McLagan; Vice-Pres., C. H. Bristol; Cashier, W. A. Saunders.

CONNECTICUT.

New Britain—Peoples' Savings Bank; Pres., Geo. W. Corbin; Vice-Pres's., C. C. Rossberg and E. M. Wightman; Secy. and Treas., Y. J. Stearns.

FLORIDA.

Laurel Hill—Peoples' Bank; capital, $20,000; Pres., Wm. E. Mathis; Vice-Pres., A. E. Campbell; Cashier, Jno. T. Mathis.

GEORGIA.

Atlanta—Decatur Street Bank; Pres., W. M. Terry; Vice-Pres., J. R. Smith; Cashier, J. G. Norvell.

Auburn—Bank of Auburn; capital, $15,000; Pres., T. C. Flanigan; Vice-Pres., S. P. Higgins; Cashier, M. W. Webb.

Cedartown—Farmers and Mechanics' Bank; capital, $25,000; Pres., W. J. Harris; Vice-Pres., R. H. Jones; Cashier, E. B. Russell.

Macon—Banking House of Luther Williams; capital, $5,000.

Martin—Bank of Martin; capital, $15,000; Pres., W. C. Mason; Cashier, P. D. Landrum.

Mineral Bluff—Bank of Mineral Bluff; capital, $15,000; Pres., Jno. D. Walker; Vice-Pres., Jno. W. Walker; Cashier, Benj. F. Gary.

Reynolds — Farmers and Merchants' Bank; capital, $25,000; Pres., F. E. Glover; Vice-Pres., W. M. Musselwhit; Cashier, Chas. L. Pyson.

Naylor—Farmers' Bank; capital $25,000; Pres., J. P. Carter; Vice-Pres., Mrs. O. F. Dampur; Cashier, J. H. Fender.

Wrens—Citizens' Bank; capital; $15,000; Pres., S. M. McNair; Vice-Pres., A. C. Taylor; Cashier, Jos. R. Howard.

IDAHO.

St. Joe—Idaho Bank & Trust Co.; capital, $25,000; Pres., Wm. Dollar; Vice-Pres., E. A. McCarty; Cashier, G. E. H. Freelander.

ILLINOIS.

Gerro Gordo—Citizens' Bank; Pres., Hanson Peck; Vice-Pres., W. Annsworth; Cashier, Eli Peck.

Hamburg—Bank of Hamburg; capital, $25,000; Pres., J. G. Kinder; Vice-Pres., B. H. Williams; Cashier, S. Waldron.

INDIANA.

Bourbon—Bourbon Banking Co.; capital, $3,000; Pres., B. W. Parks; Vice-Pres., Wm. Erwin; Cashier, C. M. Parks.

New Washington—New Washington State Bank; capital, $25,000; Pres., Hy. F. Schowe; Vice-Pres., A. M. Fisher; Cashier, J. L. Magrunder.

Shipshewana — Farmers State Bank (succeeded Bank of Shipshewana); capital, $12,500; Pres., Hewitt Davis; Vice-Pres., E. B. Hogerty; Cashier, L. I. Miller.

Terre Haute—American State Bank; capital, $25,000; Pres., W. H. Taber; Vice-Pres., W. E. Bell; Cashier, D. C. Byrn.

Wanatah—Farmers and Traders' Bank (succeeded Pinneys' Bank); capital, $10,000; Pres., Wm. E. Pinney; Vice-Pres., L. R. Skinner; Cashier, Paul Nuppman; Secy., M. L. Dickover.

INDIAN TERRITORY.

Cowlington—Farmers' State Bank; capital, $15,000; Pres., J. T. Overstreet; Vice-Pres., P. Cotton; Cashier, S. D. Nelson.

Tulsa—Southwestern Trust Co.; capital, $500,000; Pres., J. E. Dunn; Vice-Pres., C. W. Miller; Secy., J. M. Hayner.

IOWA.

Anderson — Anderson Savings Bank; capital, $15,000; Pres., H. J. Falling; Vice-Pres., A. F. Woodward; Cashier, A. W. Fichter.

Bussey—Bussey Savings Bank; capital, $20,000; Pres., James A. Bussey; Vice-Pres., R. M. Boyer; Cashier, W. H. Lowman.

Carlisle — Farmers' Savings Bank; capital $10,000; Pres., J. W. Watt; Vice-Pres., W. G. Tallman; Cashier, H. S. Fleagle.

Kimballton—Kimballton Danish Savings Bank; capital, $20,000; Pres., S. C. Pedersen; Cashier, P. Lykke.

West Grove—West Grove Bank; capital, $10,000; Pres., L. A. Andrew; Vice-Pres., M. R. Harris; Cashier, Carl Trout.

KANSAS.

Dodge City—Kansas State Bank; capital, $20,000; Pres., A. Russell; Vice-Pres., G. E. Ayer; Cashier, G. B. Van Ardsdale.

Ford—Ford State Bank; capital, $10,000; Pres., S. D. Aulls; Cashier, W. A. Lonker.

Summerfield—Commercial State Bank; capital, $10,000; Pres., H. Barklow; Vice-Pres., M. A. Thomas; Cashier, F. A. Keefover.

KENTUCKY.

Walton—Equitable Bank & Trust Co., capital, $50,000; Pres., C. L. Griffith; Vice-Pres., Jno. L. Vest; Cashier, D. B. Wallace; Asst. Cashier, D. C. C. Metcalf.

LOUISIANA.

Harrisonburg — Harrisonburg State Bank; capital, $15,000; Pres., D. N.

Thompson; Vice-Pres., C. C. Prichard; Cashier, W. C. Mathews; Asst. Cashier, H. N. Thompson.

MICHIGAN.

Bentley—Bentley Bank; Pres., Wm. H. Aitkin; Cashier, M. H. Aitken; Asst. Cashier, E. F. McClusky.

Benton Harbor—State Savings Bank; capital, $50,000; Pres., Jno. E. Barnes; Vice-Pres., H. S. Gray; Cashier, Wm. E. Marsh.

Fenton—Fenton State Savings Bank (succeeded Wightman Exchange Bank); capital $25,000; Pres., L. Freeman; Vice-Pres., Fred. Welch; Cashier, F. H. Hitchcock.

MINNESOTA.

Bowlus—First State Bank; capital, $10,000; Pres., A. H. Turritin; Vice-Pres., W. E. Hall; Cashier, Oliver Chirhart.

Cyrus—State Bank of Cyrus (successor to Bank of Cyrus); capital, $10,000; Pres., W. J. Carson; Vice-Pres., H. C. Esthy; Cashier, O. E. Bjorgourd.

Mahnomen—Security State Bank; capital, $10,000; Pres., O. A. Tenold; Vice-Pres., N. E. Haugen; Cashier, A. L. Thompson; Asst. Cashier, A. E. Weineth.

Waldorf—Security State Bank; capital, $10,000; Pres., O. H. Schroeder; Vice-Pres., M. S. Fisch; Asst. Cashier, W. A. Pofahl.

Zimmerman—Farmers and Merchants' Bank; Pres., Jno. M. Haven; Vice-Pres., A. B. Morse; Cashier, J. A. Varley.

MISSISSIPPI.

Jackson—State Bank & Trust Co.; capital, $100,000; Pres., T. B. Gaddis; Vice-Pres., S. J. Snook; Cashier, W. D. McRaven.

Ovett—Bank of Ovett; capital, $15,000; Pres., M. M. Hull; Vice-Pres., T. J. Fatherree; Cashier, A. W. Chalk.

MISSOURI.

Chilhowee—Farmers' Bank; capital, $10,000; Pres., F. M. Gray; Vice-Pres., H. Gaines; Cashier, H. R. Gilbert.

Moselle—Bank of Moselle; capital, $10,000; Pres., G. J. Wiley; Vice-Pres., P. Donerwald; Cashier, Fred. Kramme.

Vandalia—Commercial Bank; capital, $30,000; Pres., S. A. Waters; Vice-Pres., C. E. Blain; Cashier, F. B. Detienne; Asst. Cashier, C. A. Kendall.

MONTANA.

Huntley—Huntley State Bank; capital, $20,000; Pres., J. B. Arnold; Cashier, L. D. Dixson.

NEBRASKA.

Clarks—Clarks State Bank; capital, $10,000; Pres., M. V. Scott; Vice-Pres., F. K. Sprague; Cashier, J. T. McLean.

Dunbar—Farmers' Bank; capital, $15,000; Pres., A. Weller; Vice-Pres., N. H. Bricknell; Cashier, W. H. Homeyer.

Palmer—Loup Valley Bank; capital, $7,000; Pres., Chas. Whemett; Cashier, C. G. Tidd.

NEW YORK.

Farmingdale—Bank of Farmingdale; capital, $25,000; Pres., O. L. Jones; Vice-Pres., N. Ketcham; Cashier, A. F. Hill.

NORTH CAROLINA.

Mooresville—Merchants and Farmers' Bank; capital, $25,000; Pres., E. W. Brawley; Cashier, A. W. Colson.

Randleman—Peoples' Savings Loan & Trust Co., capital, $10,000; Pres., Jno. J. Newlin; Vice-Pres., E. M. Armfield; Cashier, Wm. H. Pickard.

NORTH DAKOTA.

Almont—Farmers' State Bank; capital, $10,000; Pres., E. W. Olson; Vice-Pres., E. W. Hyde; Cashier, N. E. Becklund; Asst. Cashier, A. L. Olson.

Bisbee—State Bank of America; capital, $12,500; Pres., C. J. Lord; Vice-Pres., G. H. Condy; Cashier, C. J. Lord.

Emden—Emden State Bank; capital, $10,000; Pres., F. Buttke; Vice-Pres., Jno. Durkin; Cashier, C. A. Wheelock; Asst. Cashier, J. O. Shepard.

Ludden—First State Bank; capital, $10,000; Pres., D. C. Simpson; Vice-Pres., F. E. Randall; Cashier, J. H. Wisenor; Asst. Cashier, L. A. Samson.

Sterling—Sterling State Bank; capital, $12,500; Pres., E. J. Curtin; Vice-Pres., W. J. Dwyer; Cashier, E. L. Amundsen.

OHIO.

Bucyrus—Farmers and Citizens' Bank & Savings Co.; Pres., Geo. W. Miller; Vice-Pres., Amos Keller; Cashier, H. E. Kiess; Asst. Cashier, T. M. Kennedy.

Nevada—Farmers and Merchants' Bank; capital, $12,500; Pres., T. B. Armstrong; Vice-Pres., H. L. Goodbread; Cashier, W. A. Wolfe.

OREGON.

Eugene—Merchants' Bank; capital, $25,000; Pres., S. S. Spencer; Vice-Pres., L. H. Potter; Cashier, F. N. McAlister.

Portland—Commonwealth Trust Co.; Pres., D. L. Keyt; Vice-Pres., Jno. H. McKinzie; Cashier, Wm. Dodge.

PENNSYLVANIA.

Bristol—Bristol Trust Co.; capital, $125,000; Pres., C. L. Anderson; Vice-Pres., W. C. Pierce; Cashier, W. T. Johnston; Asst. Cashier, H. H. H. Pool.

RHODE ISLAND.

Providence—Miller & George.

SOUTH CAROLINA.

Leesville—People's Bank; capital, $30,000; Pres., E. J. Etheredge; Vice-Pres., F. B. Gunter; Cashier, W. A. Sheatz.

SOUTH DAKOTA.

Carthage—Farmers' State Bank; capital, $10,000; Pres., Chas. E. Barkl; Vice-Pres., A. Magnuson; Cashier, F. E. Barkl; Asst. Cashier, E. L. Bloom.

TENNESSEE.

South Pittsburg—South Pittsburg Savings Bank; capital, $15,000; Pres., C. C. Moore; Vice-Pres., H. W. Hill; Cashier, V. J. Alexander.

Vonore—Bank of Vonore; capital, $15,000; Pres., L. R. Sloan; Vice-Pres., J. R. Birchfil; Cashier, R. D. Coltharp.

TEXAS.

Blessing—Blessing State Bank; capital, $10,000; Pres., A. B. Pierce; Vice-Pres., H. B. Farwell; Cashier, J. A. Williams.

Copeville—Citizens' State Bank; capital, $10,000; Pres., W. C. Cook; Vice-Pres., D. M. Jones; Cashier, J. M. Kirby.

Denison—First State Bank; capital, $60,000; Pres., A. S. Burrows; Vice-Pres., T. A. Murphy; Cashier, C. F. Christensen.

Fort Worth—North Texas Bank & Trust Co.; capital, $5,000; Pres., W. H. Grave; Vice-Pres's., A. J. Lang and J. J. Jarvis; Cashier, H. J. Rhame; Asst. Cashier, E. Hargrave.

Hansford—First State Bank; capital, $10,000; Pres., Bert. Cator; Vice-Pres., J. D. Cotter; Cashier, H. C. Parcells; Asst. Cashier, J. R. Collard.

Miami—First State Bank; capital, $2,500; Pres., W. Coffee; Vice-Pres., M. L. Greever; Cashier, H. E. Baird.

Moody—Farmers' State Bank; capital, $30,000; Pres., D. E. Wagoner; Vice-Pres., E. R. Kline; Cashier, R. V. Mitchell; Asst. Cashier, J. H. Hill

San Antonio—Union Trust Co.; capital, $500,000; Pres., Jno. Woods; Secy., A. M. Waugh; Treas., B. H Walker.

Streetman—First State Bank; capital, $10,000; Pres., W. E. Richards; Vice-Pres., D. D. Burleson; Cashier, S. F. Alford.

Truscott—First Bank; Pres., R. W. Warren; Vice-Pres., J. F. Potts; Cashier, M. B. Pitts.

Wylie—First State Bank; capital, $20,000; Pres., H. Y. Allen; Vice-Pres., R. Jackson; Cashier, M. K. Wilks.

VIRGINIA.

Capron—Bank of Capron; Pres., W. H. Vincent; Vice-Pres., J. S. Musgrave; Cashier, L. J. Bain.

Round Hill—Capital, $25,000; Pres., W. L. Brown; Vice-Pres., Geo. T. Ford; Cashier, E. F. James.

Speedwell—Bank of Speedwell; capital, $10,000; Pres., S. S. Simmerman; Vice-Pres., A. L. Porter; Cashier, C. E. Lundy.

WASHINGTON.

Stevenson—Bank of Stevenson; capital, $10,000; Pres., P. H. Clodins; Vice-Pres., A. P. Sly; Cashier, E. E. Glenn.

WEST VIRGINIA.

Lanes Bottom—Lanes Bottom Bank; capital, $10,000; Pres., C. H. Smoor;

Vice-Pres., F. L. Fallon; Cashier, A. B. Jackson.

WYOMING.

Glenrock—Glenrock State Bank; capital, $15,000; Pres., Jno. E. Higgins; Vice-Pres., J. R. Slaughter; Cashier, O. A. Patzold; Asst. Cashier, H. M. Hantz.

CANADA.

SASKATCHEWAN.

Nokomis—Canadian Bank of Commerce; Mgr., A. H. Ireland.

PRINCE EDWARD ISLAND.

Charlottetown—Bank of Montreal; Mgr., A. M. Peters.

CHANGES IN OFFICERS, CAPITAL, ETC.

ALABAMA.

Anniston—Anniston National Bank; C. D. Woodruff, Vice-Pres.; R. F. Smith, Cashier, in place of C. D. Woodruff; Frank Leigh, Asst. Cashier, in place of R. F. Smith.

Birmingham—Citizins' Savings Bank; R. C. Middleton, Vice-Pres., in place of H. H. Mayberry.

Dothan—Houston National Bank; K. L. Forrester, Cashier, in place of Jno. Sanders; J. R. Young, Asst. Cashier, in place of K. L. Forrester.

ARIZONA.

Prescott—Prescott National Bank; H. A. Cheverton, Asst. Cashier, in place of A. W. McCash.

ARKANSAS.

Lonoke—Lonoke County Bank; W. H. Young, Cashier, in place of Thos. D. Bransford.

CALIFORNIA.

Berkeley—Berkeley National Bank; P. H. Atkinson, Cashier.

Huntington Beach; First National Bank; A. L. Reed, Pres., in place of S. Townsend.

Ocean Park—Ocean Park Bank absorbed the Commercial Bank, under former title.

Sacramento — Fort Sutter National Bank; H. W. Conger, Asst. Cashier.

COLORADO.

Cheyenne Wells — Cheyenne County Bank; title changed to Cheyenne County State Bank.

CONNECTICUT.

New Haven—New Haven Savings Bank; William R. Tyler, Vice-Pres., deceased.

Waterbury — Colonial Trust Co., succeeded Fourth National Bank; Pres., J. H. Whittemore; Vice-Pres., G. M. Woodruff.

GEORGIA.

Decatur—Bank of Decatur; C. C. Wherter, Cashier, in place of C. W. Davis, resigned.

LaGrange — LaGrange Banking and Trust Co.; capital increased from $150,000 to $250,000.

Powder Springs — Bank of Powder Springs; J. M. Roach, Cashier.

Rochelle—Citizens' Bank; W. G. Brown, Pres.; G. W. Tatum, Asst. Cashier.

Sylvester—Sylvester Banking Co.; G. F. Alford; Asst. Cashier, resigned.

Washington—Citizens' National Bank; A. Irvin, Cashier, in place of C. E. Irvin.

Waynesboro—Bank of Waynesboro; W. O. Gresham, Cashier, in place of W. R. Holder, resigned.

ILLINOIS.

Atkinson—Atkinson Bank; Thos. Nowers, Pres., deceased.

Charleston—First National Bank; W. J. Kenny, Pres., in place of W. E. McCrory, deceased; no Cashier in place of W. J. Kenny.

Clinton — De Witt County National Bank; F. G. Crang, Cashier, in place of C. S. Lafferty.

Decatur—Citizens' National Bank; J. A. Corbett, Vice-Pres., in place of W. P. Anderson.

Lanark—First National Bank; E. C. Franck, Cashier, in place of W. L. Franck; no Asst. Cashier in place of E. C. Frank.

Mentone—First National Bank; B. F. Blue, Cashier, in place of J. C. Barricklow.

INDIAN TERRITORY.

Dewey—First National Bank; H. M. Brent, Vice-Pres., in place of G. C. Priestley.

Morris—First National Bank; J. L. Dabbs, Vice-Pres., in place of F. C. Hubbard.

Talequah—First National Bank; J. B. Stapler, Vice-Pres., in place of J. A. Lawrence.

IOWA.

Chelsea—First National Bank; H. C. Loutzenheiser, Asst. Cashier.

Chester—German Savings Bank; Pres., W. W. Cray; Vice-Pres., F. H. Luhman.

Gowrie—First National Bank—G. G. Lindquist, Second Vice-Pres.; F. W. Lindquist, Cashier, in place of G. G. Lindquist; A. E. Lindquist, Asst. Cashier, in place of F. W. Lindquist.

Harvey—First National Bank—A. L. Harvey, Pres., in place of W. G. Maddy; W. G. Maddy, Cashier, in place of Robt. G. Emmet.

Osceola—Osceola National Bank; C. A. Twyford, Cashier, in place of P. L. Fowler; Sid Bates, Asst. Cashier, in place of Amy J. Fowler.

Panora—Guthrie County National Bank; H. L. Moore, Vice-Pres., in place of E. J. Reynolds, deceased.

KANSAS.

Osborne — Exchange National Bank; Jno. A. Morton, Pres., in place of W. H. Smith; J. R. Loomis, Vice-Pres., in place of Jno. A. Morton.

KENTUCKY.

Fountain Run—Bank of Fountain Run; capital increased from $15,000 to $30,000.

LOUISIANA.

Crowley—Crowley State Bank; H. M. Bone, Cashier; A. Melanson, Asst. Cashier.

MAINE.

Boothbay Harbor—First National Bank; S. T. Maddocks, Cashier, in place of J. A. Maddocks.

MASSACHUSETTS.

Boston—American Trust Co.; Chas. L. Burrill, Vice-Pres., resigned.

Lowell—Central Savings Bank; C. W. Whidden, Pres., in place of O. H. Moulton; A. J. Murkland, Treas.

MICHIGAN.

Allegan—First National Bank; L. Chichester, Pres., in place of I. P. Griswold, deceased; O. H. Gurley, Vice-Pres., in place of L. Chichester.

Blissfield—Jipson-Carter State Bank; W. C. Jipson, Pres.; C. L. King, Cashier.

Charlevoix—Charlevoix State Savings Bank; H. S. Harsha, Cashier, in place of C. E. Turrell.

Marquette—Marquette National Bank; J. M. Longyear, Pres., in place of F. W. Read, deceased.

Munising—Munising State Bank; W. G. Mather, Pres.; W. F. Hopkins, Vice-Pres.

MINNESOTA.

Easton—Easton State Bank; Wm. Sippel, Pres., in place of H. Quimby, deceased.

Hills—State Bank; A. C. Finke, Cashier, in place of W. A. Larson, resigned.

International Falls—First State Bank; G. N. Millard, Cashier, in place of A. L. Sheldon, resigned.

Littlefork—First Bank; title changed to First State Bank.

Renville—Renville State Bank; R. Stensbad; Vice-Pres., S. M. Serkland, Cashier.

MISSISSIPPI.

Cruger—Bank of Cruger; W. R. King, Cashier, in place of C. F. Stepp, resigned.

Edwards—Bank of Edwards; W. Thos. Rose, Pres., in place of A. C. Jones.

MONTANA.

Havre—First National Bank; J. S. Carnal, Asst. Cashier.

NEW JERSEY.

Hackensack — Hackensack National Bank; Jno. J. Phelps, Vice-Pres., in place of M. E. Clarendon, deceased.

Little Falls—Little Falls National Bank; C. W. Matches, Vice-Pres., in place of Hy. Hyer; Hy. Hyer, Cashier, in place of Fred'k Heermance.

Sussex—Farmers' National Bank; no Pres., in place of C. A. Wilson, deceased.

Wildwood—Marine National Bank; no Cashier, in place of S. F. McKnight; C. G. Eldredge, Asst. Cashier.

NEW MEXICO.

Carlsbad—National Bank H. A. Houser, Pres., in place of S. T. Bitting; R. B.

Armstrong, Cashier, in place of H. A. Houser.

Sunnyside—First National Bank, removed to Fort Sumner.

NEW YORK.

Amityville—First National Bank; S. J. Carter, Cashier.

Farmingdale—First National Bank; Wm. H. Trou, Cashier, in place of J. P. Schwartz.

Herkimer—Herkimer National Bank; Geo. C. Steele, Cashier, in place of W. I. Taber; no Asst. Cashier, in place of Geo. C. Steele.

Newark—Circadia National Bank; G. C. Perkins, Vice-Pres., in place of Chas. E. Leggett; Chas. E. Leggett, Cashier, in place of L. M. Wilder.

New York City—Century Bank; H. J. Crawford, Pres., in place of Geo. Chapman.—Columbia Trust Co.; A. B. Hepburn, Vice-Pres., in place of Clark Williams; Wm. H. Nichols, 2d Vice-Pres. — Consolidated National Bank; W. O. Allison, Pres., in place of O. F. Thomas; T. L. Lewis, Vice-Pres., in place of W. L. Moyer.—Franklin Savings Bank; W. G. Conklin, Pres., in place of A. Turner.—Garfield National Bank; C. W. Morse, Vice-Pres., resigned.—Hamilton Bank; W. R. Montgomery, Pres., in place of E. R. Thomas.—Knickerbocker Trust Co.; A. Foster Higgins, Pres., in place of Chas. T. Barney, resigned. —Mercantile National Bank; Seth M. Milliken, Pres., in place of F. Augustus Heinze; Wm. Skinner, Vice-Pres., in place of E. R. Thomas; Gerrish H. Milliken, Vice-Pres., in place of Chester Glass.—Merchants' National Bank: Zoheth S. Freeman, Vice-Pres.; Joseph Byrne, Cashier.—Morton Trust Co.; J. K. Corbiere, Vice-Pres., resigned.—National Bank of North America; W. F. Havemeyer, Pres., in place of A. H. Curtis, retired.—New Amsterdam National Bank; C. W. Morse, Vice-Pres., resigned.—United States Trust Co.; Jno. Crosby Brown, Vice-Pres., in place of D. Willis James.

Schenectady — Schenectady Trust Co.; Gerardus Smith, Pres., in place of S. M. Hamill, deceased.

St. Regis Falls—St Regis Falls National Bank; A. Macdonald, Cashier, in place of Jno. A. May; H. L. Ketcham, Asst. Cashier.

Syracuse — Syracuse Savings Bank; Francis Hendricks, First Vice-Pres., in place of Jno. Dunn, Jr.; N. Peters, Second Vice-Pres.

NORTH CAROLINA.

Greenville—National Bank; F. J. Forbes, Cashier, in place of J. W. Aycock; M. L. Turnage, Asst. Cashier.

Monroe—First National Bank; W. C. Heath, Pres., in place of O. P. Heath.

Rocky Mount—Planters' Bank; J. W. Aycock, Cashier, in place of L. L. Hardin, resigned.

Whiteville—Bank of Whiteville; C. S. Hicks, Cashier, in place of J. H. James.

NORTH DAKOTA.

Dogden—Dogden State Bank; Geo. M. Kremer, Pres.; D. T. Owens, Vice-Pres.

Drake—Merchants' State Bank; Walter Sampson, Cashier, in place of L. A. O'Brien.

Nekoma—Nekoma State Bank; P. O. Heide, Vice-Pres.; Martin Retrum, Cashier.

OHIO.

Cincinnati—German National Bank; L. J. Hauck, Vice-Pres., in place of A. B. Voorheis; no Vice-Pres. in place of Edw. Herzog, deceased; Orin N. Littell, Asst. Cashier.

Cleveland—Cleveland National Bank; F. W. Wardwell, Pres., in place of P. M. Spencer, deceased; H. Tiedmann, Second Vice-Pres.—State Banking and Trust Co.; H. W. Kitchen, Pres., deceased.

Sandusky—Commercial National Bank; no Pres. in place of Jno. Whitworth, deceased.

Toledo—Second National Bank; no Pres. in place of C. F. Adams; T. C. Stevens, First Vice-Pres., in place of T. W. Childs; T. W. Childs, Second Vice-Pres., in place of G. A. Braun.

OKLAHOMA.

Oklahoma City—Columbia Bank and Trust Co.; W. A. Brooks, Vice-Pres.

OREGON.

Hood River—Hood River Banking and Trust Co.; Chas. G. Pratt, Pres., in place of W. H. Moore, resigned.

Laidlaw—Laidlaw Banking and Trust Co.; Pres., F. E. Dayton; Vice-Pres., C. M. Mudd; Cashier, A. F. Ramsay.

Roseburg—Douglas County Bank; E. L. Parrott, Vice-Pres.

Tillamook—First National Bank; Paul Schroeder, Vice-Pres., in place of D. T. Edmunds.

PENNSYLVANIA.

Bolivar—Bolivar National Bank; Frank R. Hammond, Vice-Pres., in place of B. F. Reese.

Clarion—First National Bank; no Vice-Pres. in place of E. M. Wilson, deceased.

Fayette City—Citizens' Bank; G. M. Mitchell, Cashier, in place of Jno. B. Cunningham.

Leighton—Citizens' National Bank; E. W. Baer, Pres., in place of C. H. Seidle; C. J. Kistler, First Vice-Pres., in place of E. W. Baer; Hy. B. Kennell, Second Vice-Pres., in place of C. J. Kistler.

Montgomery—Farmers and Citizens' National Bank; L. L. Schock, Cashier, in place of J. C. Burger.

New Kensington—First National Bank; J. L. Spiegel, Cashier, in place of D. B. Doty; H. Burns Smith, Asst. Cashier.

Philadelphia—West Philadelphia Title and Trust Co.; A. I. Wood, Pres., in place of H. Z. Ziegler; C. G. Gross, Vice-Pres.; R. I. Levering, Sec'y and Treas.

Pittsburg—Metropolitan National Bank; C. L. Flaccus, Pres., in place of Jno. Runnette; Robt. Ostermaier, Vice-Pres., in place of C. P. Tiers.

PUERTO RICO.

San Juan—First National Bank; no Pres. in place of S. O'Donnell, deceased.

SOUTH DAKOTA.

Andover—Citizens' State Bank; G. E. Bryant, Cashier.

Artesian—Security State Bank; G. M. Bennett, Cashier, in place of H. S. Jamison.

Fulton—First State Bank; S. E. Morris, Pres.

Lake Andes—Lakeside State Bank; Pres., H. W. Johnson; Vice-Pres., E. S. Johnson; Cashier, Chas. T. Kyte.

TENNESSEE.

Cornersville—Farmers' Bank; D. C. Kennedy, Cashier, in place of T. A. Darwin.

TEXAS.

Alvin—Alvin State Bank; C. W. Clawson, Cashier, in place of Jno. P. Atkinson, resigned.

Anson—Farmers and Merchants' National Bank; W. C. Baker and R. A. Crausbay, Vice-Pres.'s; C. E. Covey, Asst. Cashier.

Brownsville—First National Bank; Jas. A. Browne, Pres., in place of Wm. Kelly.

Del Rio—Del Rio National Bank; W. R. Wheeler, Cashier, in place of F. E. Gillett; M. C. Driscoll, Asst. Cashier, in place of W. R. Wheeler.

Estelline—Estelline State Bank; W. T. Holland, Pres.

Farwell—First National Bank; Saunders Gregg, Cashier, in place of A. J. Edmondson.

Houston—Union Bank and Trust Co.; H. N. Tinker, Vice-Pres.; De Witt C. Dunn, Cashier; D. W. Cooley, Asst. Cashier.

Lone Oak—Farmers' National Bank; D. B. Corley, Pres., in place of Y. O. McAdams; W. J. Schench, Vice-Pres., in place of D. B. Corley; no Vice-Pres. in place of R. P. Etter.

Merit—First National Bank; A. S. H. Birdsong, Asst. Cashier.

Roxton—First National Bank; J. P. Maxwell, Asst. Cashier.

St. Jo—Citizens' National Bank; J. S. Ross, Cashier.

Stanton—Bank of Stanton; E. F. Elkin, Pres.; F. O. Aiken and G. W. Walcott, Vice-Pres.'s; Chas. Ebbersol, Cashier.

VERMONT.

Middlebury—National Bank; no Pres. in place of A. A. Fletcher, deceased.

VIRGINIA-TENNESSEE.

Bristol—Citizens' Bank; J. A. Cannon, Asst. Cashier, resigned.

Danville—Commercial Bank; Jno. F. Rison, Pres., in place of J. G. Penn, Sr., deceased.

Washington — Rappahannock National Bank; A. W. Dearing, Pres., in place of H. M. Dudley.

WASHINGTON.

Connell—Bank of Connell; title changed to State Bank.

Everett — American National Bank; Robt. Moody, Vice-Pres., in place of W. J. Rucker; T. H. Bowden, Cashier, in place of Robt. Moody; no Asst. Cashier in place of T. H. Bowden.

Puyallup—Citizens' State Bank; R. P. Finney, Cashier, in place of C. Case, resigned.

Seattle—National Bank of Commerce; Ralph S. Stacy, Cashier, in place of J. W. Maxwell.

Spokane—Union Savings Bank; consolidated with Union Park Bank, under former title.

WISCONSIN.

Genoa Junction—Citizens' State Bank; consolidated with Bank of Genoa Junction.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

ALASKA.

Valdez—Valdez Bank and Mercantile Co.; reported closed.

CALIFORNIA.

San Diego—National Bank of Commerce; placed in voluntary liquidation October 12, 1907.

MAINE.

Bath—Bath Trust Co.; closed, October 28, 1907.

MARYLAND.

Baltimore—Farmers' Trust and Banking Co., closed.—Highland Savings Bank, closed.

Darlington—Darlington Bank, closed.

Galena—Galena Bank, closed.

Hancock—Washington County Bank, closed.

Keedysville—Keedysville Bank, closed.

Mount Airy—Mount Airy Bank, closed.

MASSACHUSETTS.

Rockland—First National Bank; placed in voluntary liquidation, September 28, 1907.

MINNESOTA.

Pelan—State Bank; placed in voluntary liquidation, October 5, 1907.

MISSOURI.

Kansas City — Bankers' Trust Co.; closed, October 28, 1907.

NEW YORK.

Brooklyn—Borough Bank, suspended, October 25, 1907.—Brooklyn Bank, suspended, October 25, 1907.—First National Bank, in charge of Receiver, October 25, 1907.—Jenkins Trust Co., suspended, October 25, 1907.—Terminal Bank, suspended, October 25, 1907.—Williamsburg Trust Co., suspended, October 25, 1907.

New York City—Chisholm & Pouch, closed.—Gross & Kleeberg, closed.—Mayer & Co.—Watson & Co., closed.—Hamilton Bank; suspended, October 25, 1907.—International Trust Co., suspended, October 25, 1907.—Knickerbocker Trust Co., suspended, October 23, 1907.—Twelfth Ward Bank, suspended, October 25, 1907.—United States Exchange Bank, suspended, October 25, 1907.

OHIO.

Dresden—First National Bank; placed in charge of Receiver, October 15, 1907.

PENNSYLVANIA.

Pittsburg—Iron City Trust Co.; placed in charge of Receiver.

RHODE ISLAND.

Providence—Union Trust Co.; placed in hands of Receiver, Cornelius A. Sweetland.

TEXAS.

Bay City—Bay City National Bank; placed in voluntary liquidation, October 1, 1907.

Covington—First National Bank; placed in voluntary liquidation, September 30, 1907.

THE

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ELMER H. YOUNGMAN, Editor

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OUR FINANCIAL ILLS—THEIR CAUSE AND THE REMEDY.

Their Cause—Dishonesty and Speculation.

The Remedy—Honesty and Prudence in the Conduct of Business.

MODERN business cannot be carried on without credit, and the latter depends upon confidence. When this is destroyed, panic and depression inevitably result.

We have lately witnessed a collapse of confidence, followed by a financial panic, and the signs of a business depression multiply daily.

What has caused this revulsion? Dishonesty in high places, revealed in its sinister ugliness and greed, and speculation carried to that extreme where it has become reckless gambling.

These were the conditions that bred the panic of 1907. And the remedy? Plain, old-fashioned standards of honesty, in the higher circles of finance, as well as in the lower, and the discouragement of inflation and speculation of all kinds.

The exposures of crookedness in the higher circles of finance, culminating in the sickening disclosures of the traction investigation in New York, caused many people to rush to the mistaken conclusion that our corporation and banking system was tainted, if not worse, and at the first sign of trouble they showed their lack of faith by withdrawing money from the banks.

For such a situation of affairs the remedy is plain: absolute honesty and prudence in the conduct of business.

Having stated the causes which were at the bottom of the recent distrust, it will be profitable to enquire what aggravated them and what untoward event precipitated the crash.

To maintain that sense of proportion without which it is impossible sanely to discuss any question, it may be said at the outset that this panic, like all others, must be attributed chiefly to the peculiarities of human nature itself. The instinct of fear which lies dormant in mankind is easily aroused, but whether panic will follow depends greatly upon circumstances and conditions. To a crowd in bathing at the seashore, the cry of "fire" would bring no sense of terror, but a similar cry raised in a crowded theatre would cause a stampede and panic, although the actual danger in one case might be no greater than in the other. It is the feeling of uncertainty and apprehension that engenders the alarm—the conditions are favorable to a panic.

That our situation has been tending toward a financial crisis for several years has been clear to every careful observer; high prices, expanded bank loans, low reserves, paper inflation, extravagance—these and other signs told unmistakably that the conditions were ripening to a harvest of distrust and panic.

After the recovery from the depression following the panic of 1893, the naturally buoyant disposition of the American character began to assert itself. The low prices caused by the depression swelled our exports and aided in opening foreign markets to our manufacturers; short crops abroad and large crops here also favored us; a high tariff was enacted, stimulating domestic enterprise; the gold supply increased as never before; the volume of Government paper money in the shape of bond-secured bank notes rose 100 per cent. in a few years; laws were enacted favoring the organization of banks of small capital; funds derived from taxes collected in excess of the public needs were distributed freely among the banks; when this did not suffice to meet the demands of speculation and trade, bonds were sold, ostensibly for other purposes, and the proceeds turned over to the banks; bank loans advanced; reserves declined; labor unions saw a favorable opportunity to demand higher wages, and the trusts raised prices; stock speculation was excessive and prices kept soaring; as often as the money market got into difficulties, the Treasury came to its relief with Government funds; real estate booms multiplied; enterprises of all kinds were flourishing; the building activity was tremendous. Everybody was making money rapidly, and nearly everybody was spending it still more rapidly. This feverish pace could not be maintained indefinitely, but the manner in which it was brought to an end constitutes one of the most interesting and perhaps the darkest chapters in American financial history. Its details remain to be written by some one familiar with them. The opinion seems to be general, however, that the crash was precipitated by a desire for revenge upon the part of some financier or group of financiers. The bank runs in New York, at first, were made almost entirely by the well-to-do, and at no time did the ordinary depositors take fright in large numbers. There may have been exceptions to this in the case of some of the banks, but it was true generally.

BANKING in the United States has undergone many changes in recent years. One of these changes, of considerable importance, was referred to by Hon. GEORGE E. ROBERTS, former Director of the Mint, and now president of the Commercial National Bank of Chicago, in an address delivered at the last annual meeting of the Nebraska State Bankers' Association. Mr. ROBERTS pointed out that the banks of the West had become large purchasers of Eastern commercial paper. He also called attention to the fact that the Western banks carried these loans only while the home demand for credit was slack. In the fall, when the demand became active, the Eastern borrower, very naturally, would be unable to sell his paper to the Western banks, and would have to seek accommodation in the East. This would result in still further increasing the tension in the Eastern money markets.

As Mr. ROBERTS said, this practice of negotiating commercial paper with banks in various parts of the country through the intervention of note brokers greatly facilitates the expansion of credits. So long as borrowers must depend upon their local banks, they are under more or less scrutiny with regard to their business operations, but if loans can be obtained from far-away sources, by placing paper in the hands of note brokers and selling it in the general market, this healthful check is removed. On the other hand, this practice of selling commercial paper through the brokers has a number of advantages. It broadens the market for such paper and thus enables business men to secure accommodation at times when they might be denied it, but for this resource. Probably the rates generally paid are not so high as they would be if borrowers were circumscribed to their home markets. The banks, too, profit, inasmuch as they can in this manner keep their funds constantly employed.

FOREIGN trade figures indicate tendencies of late that may well give us serious concern. For the twelve months ending with October the imports of merchandise reached the enormous and unprecedented total of $1,474,100,457. Exports for the same period were $1,885,203,822, leaving the excess of exports over imports $411,103,365. In the five previous years, ending with October, the excess has been as follows: 1906, $529,431,631; 1905, $388,791,902; 1904, $484,137,725; 1903, $402,395,460; 1902, $418,820,799. Since 1902 our total exports have increased each year, and in 1907 they were over $500,000,000 larger than in 1902. Notwithstanding this large gain in exports, the net exports are not only relatively but actually less than in 1902.

The high prices prevailing in this country have tended to check exports and to stimulate imports. Recent events may lower prices somewhat and counteract this tendency. But if not counteracted in some way, it will result before long either in a drain on our gold stock or in the increase of our borrowings from Europe.

In the last six years (January to December) our apparent net exports of merchandise were $2,805,882,825. The net imports of gold for the same period were $102,142,243, but the net exports of silver were $124,305,043. Our balance of merchandise exports, therefore, amounting to almost three billion dollars in the six years brought us no gain in our specie, but a net loss of $22,164,800. Since we did not get coin or bullion in payment for this apparently favorable balance of $2,805,882,825, the question arises, What did we get?

GOVERNOR HUGHES of New York has appointed a commission to report upon what, if any, changes are advisable in the banking laws of the state relating to the incorporation, conduct of business and supervision of banks and trust companies. The members of the commission are: A. Barton Hepburn, president Chase National Bank of New York: State Superintendent of Banks from 1880 to 1883; Bank Examiner for New York from 1888 to 1892, and Comptroller of the Currency in the following year.

Edwin S. Marston, president Farmer's Loan and Trust Company of New York.

Edward W. Sheldon, president United States Trust Company, New York.

Algernon S. Frissell, who has been president of the Fifth Avenue Bank of New York for twenty years. He is also a trustee of the Greenwich Savings Bank.

Stephen Baker, president of the Manhattan Company of New York city, a state bank. He is also a trustee of the Bowery Savings Bank and a director of the Bankers' Trust Company.

Andrew Mills, president Dry Dock Savings Institution.

It is an encouraging sign that the Governor has called for the advice of such well-known bankers, and their labors will no doubt be of great assistance to him in making recommendations to the Legislature.

With the memories of recent events in mind, it would be easy for the New York Legislature to enact unwise legislation further regulating the business of banks and trust companies in this state. That the laws relating to these institutions are well calculated to assure the highest degree of safety, is well known. In fact, the New York banking law has served as a model which many of the other states have followed. The National Bank Act, also, was largely drawn from the same source.

But the multiplication of trust companies, their enormous growth, and the increase in corporate financing on a large scale have brought up new problems, and some changes in the law are undoubtedly desirable. These will probably relate chiefly to reserve provisions. The state banks and the trust companies, in their banking departments, might all be made to conform to the same reserve requirements. The trust companies are perhaps allowed too much freedom in some respects. If they are doing a commercial banking business, they should be kept free of entangling themselves in promotions or syndicate operations. As the records show, however, the trust company laws already conduce to a high degree of safety. A few slight amendments will render these laws as nearly perfect as they can be made in the light of present experience. One thing is clear—nothing has occurred to justify any radical changes in the banking and trust company laws of the state.

PATIENCE is a virtue whose exercise may be commended at all times, but more especially in seasons of business depression. We Americans are in too much of a hurry. We want to get rich without delay, to reform every abuse between sunrise and sunset, to get wisdom and understanding with the least possible expenditure of study and experience. Finally, when our headstrong career receives a sudden check, and we get sick, financially or otherwise, we want to be restored to health and full strength again without waiting to pass through the slow process of recuperation.

Now, we should be the last to criticise the restless and energetic spirit of the American people, which has been such a prominent factor in our material and moral progress. But even with our marvellous energy and matchless resources, we cannot defy the laws which govern the business world. Progress a little less feverish and a great deal more substantial would, in the end, be far more beneficial to us all. Enterprise that manifests itself in spurts of activity is less desirable than that which moves steadily, surely and irresistibly forward.

We may now be entering upon a period of depression, liable to cause considerable distress. This is the price we must pay for extravagance, fostered by bad financial policies. Whether we like it or not, there is no other way to restore sound conditions except by industry, economy and a return to safe and prudent methods of business. The process of adjustment may be slow and is apt to be painful, but nothing is more certain than that this era of depression will, in time, be followed by a period of prosperity. In the meantime, "Patience, and shuffle the cards."

BECAUSE one large New York trust company has suspended, and some others have experienced "runs," it has been suggested that it will be necessary for Congress to pass a law placing trust companies under Federal control in order to protect depositors in these institutions.

The necessity of such a proceeding is not apparent. Taking the country all over, it will probably be found that the trust companies can show a record for solvency that will compare most favorably with either the state or national banks. In New York State no trust company, thus far, has failed to pay its depositors in full—a record that can not be equalled by any other class of banks. There is no doubt, however, that the trust companies, even in this state, should be placed under closer regulations. In their banking departments, especially, they must be made subject to the same rules as govern the state and national banks. This will remove the causes of friction between the banks and trust companies, by placing them all on an equality, so far as their banking operations are concerned, and it will give to depositors an assurance that the laws governing trust companies afford no less protection than those governing the banks—an assurance, we are bound to say, in view of the facts, that is hardly needed.

But there are serious objections to the assumption of control of trust companies by the Federal Government. In the first place, what business has the general Government to meddle with this question at all? There is nothing national about it. With the national banks the case is different. They issue notes which circulate all over the country; but so far as their purely banking functions are concerned, they might just as well be regulated by the states. Admirable as the national banking system is in many respects, the banks operating under it have not been able, despite the favoritism of the Federal Government, to supplant the state banks. On the contrary the latter largely outnumber the former. Congress has been slow to adapt the national banking system to the changing conditions of the country, and it has been practically impossible to secure even minor changes in the law recommended by nearly every Comptroller of the Currency. No doubt, politics enter largely into banking legislation, Congress being afraid that any fresh grant of privilege to the national banks may arouse popular clamor.

The state banking laws are more readily changed, and political considerations rarely prevent necessary improvements.

The farther legislative authority is removed from the source of power, the more difficult it becomes for public opinion to make itself effective. In a business so important to the welfare of the community as banking is, it would be a serious mistake to turn the entire control of it over to the Federal Government.

The national banks are under a uniform system of laws and of inspection, and their excellence has attracted a large measure of public confidence. These institutions will continue to develop along the lines of national regulation and control. But the flexibility of the banking system of the country, which is of more inportance than many realize, would be seriously impaired if all the banks were put under Federal control.

THE law permitting the redeposit of national bank reserves has been the subject of considerable criticism lately. It is claimed that the reason which impelled Congress to permit this practice was the scarcity of coin. That reason no longer exists, and unless there are other considerations which justify the continuance of the law, it should be repealed.

Whether the "country banks" are permitted to keep their legal reserves in the chief money centres or not, they must always keep considerable sums on hand at these centres to meet exchange requirements. By allowing this to count as reserve, the country banks manage to kill two birds with one stone. They also turn an honest penny by the interest exacted of their city correspondents.

Inasmuch as the great financial operations are carried on at the money centres—operations which often benefit every part of the country—it is by no means improper, but highly beneficial, that these centres should have command of large sums of money, and if there is more money in the banks of one community than is needed there, why should it not be transferred to a point where it may be profitably employed?

But granting the force of this argument, it must be admitted that the redeposit of reserves has developed some evils. Speculation, in New York more particularly, is greatly encouraged by this system. More serious still, recent events have shown that this "reserve" was not readily

available, and the attempts of country banks to strengthen their cash holdings by calling on their reserve depositories greatly aggravated the autumn financial crisis.

The changing of the present system of managing the country's banking reserves is a matter of great importance, and no action should be taken without the most careful consideration. We are inclined to believe, on the whole, that the soundness of our banking system would be promoted by a change in the law, requiring the banks to keep their reserves in their own vaults, and in gold coin or certificates.

THAT an emergency circulation may be highly serviceable in a time of financial panic has been amply substantiated by our recent experiences. We think it has also been shown that the clearing-house representing the banks collectively, is the proper instrumentality for issuing such a currency, and not each bank acting for itself individually. But for the united action of the banks in the past month, we should have had in this country a financial catastrophe whose terrible effects can scarcely be imagined. Through the prompt action of the clearing-houses at the leading centres, certificates were issued to be used in settlements between banks and checks in small denominations were put in circulation to take the place of the hoarded currency.

If the banks had been permitted to issue a genuine credit currency, and if the United States Treasury had never assumed the function of regulating the money market, the late panic might have been avoided. Still, such periods of stress are always liable to happen. No currency system, however ideal it may be, can assure immunity from financial crises.

While the bond-secured currency and the Treasury policy of constantly intermeddling in the money market tend to favor inflation and speculation, and thus to engender panics, it would be going too far to attribute the latter to either of these causes. Panics occur in countries where the treasury uses common-sense methods in handling the public funds, and where the bank circulation is not a disturbing factor. The most that can be said is that our bad currency and sub-Treasury systems have been factors seriously aggravating the situation. We suspect that the real cause of panics lies deeper, and that it will continue to exist until wisdom becomes universal.

Whatever improvements are made in our clumsy financial machinery, we shall still have to reckon with the possibility of financial convulsions in the future. This being true, it would be well to study how to improve the weapon used with such telling effect in the late crisis.

The checks put into circulation as currency recently proved highly beneficial in relieving the monetary strain, and it is possible that even with the introduction of asset bank notes there will come exceptional occasions when both the clearing-house certificates and the clearing-house checks will be needed to restore confidence. These instruments constitute a tremendous reserve force that may be used with good effect in a crisis, as we have so lately seen. They constitute a true emergency currency that may be brought swiftly into requisition in time of need. It is doubtful if Congress should be called on to legalize these devices but the association of clearing-houses might compare notes and devise rules for issuing and redeeming such obligations.

EXAMINATION of banks of a more thorough character than that afforded by the national and state authorities is gradually being provided by the banks of the United States. The place of the trained inspector in Canada, who is a member of the staff of the bank, is supplied here by professional expert accountants, many of whom make a specialty of examining banks.

Where the examination is undertaken by the officers, or by a committee selected by the directors, it is desirable that it should be a real examination and not the superficial inspection that so often passes as such. Even where a supposed expert accountant is employed, the bank authorities should have such a clear idea of what ought to be done that they will be enabled to judge whether the work is thoroughly performed or not.

In an address delivered at the convention of the American Bankers' Association, Mr. EDWARD T. PERINE, president of The Audit Company, New York city, outlined very clearly the points to be covered in the examination of banks. Mr. PERINE's address, which is published in another part of this issue, was entitled "The Independent Audit of a Savings Bank," but he made it broad enough in scope to cover banks in general—a course evidently justified by the fact that so many banks and trust companies have savings departments.

Besides showing exactly what constitutes a thorough examination of a bank, Mr. PERINE laid particular stress upon the necessity of finding out the standards of individual duty maintained by the officers and employees, and showed how this could be done. The standard of duty maintained by individual employees and officers, will, in the aggregate constitute the management, and that is what determines the success or failure of banking.

Mr. PERINE'S paper bears evidence of careful study of the whole problem of bank examinations, and of wide experience as well. It should be attentively read by every banker who desires to add to the prosperity and the security of his bank.

HAVING silenced the nature fakirs and filled the ranks of the Ananias clubs with those who differed from him, President ROOSEVELT, looking about for something or somebody that needed regulating, came upon the motto, "In GOD We Trust," which has long adorned certain of our coins. In the procession of years since the motto was first placed on the coins, Presidents have come and gone, but they have been so occupied with inconsequential matters like war, the tariff, currency, diplomacy, etc., that they had no time, apparently, to bestow upon this weightier problem. But the restless energy of THEODORE ROOSEVELT knows no such limitations. His genius is all-embracing. Mottoes and mollycoddles alike feel the swish of the big stick.

The President objects to the motto, on the ground that it begets irreverence, and he is entitled to his opinion. SALMON P. CHASE, late Chief Justice of the United States, and Secretary of the Treasury in the cabinet of President LINCOLN, in writing to the Director of the Mint in 1861 said:

"No nation can be strong except in the strength of GOD, or safe except in His defense. The trust of our people in GOD should be declared on our national coins."

In giving his reasons for omitting the motto from the new gold coins, the President falls into a curious error. He says:

"When the question of the new coinage came up we looked into the law and found that there was no warrant therein for putting 'In GOD We Trust' on the coins. As the custom, although without legal warrant, had grown up, however, I might have felt at liberty to keep the inscription had I approved of its being on the coinage. But as I did not approve of it I did not direct that it should again be put on."

Now, this custom did not grow up without legal warrant, but it is expressly authorized by the statutes of the United States (act of April 22, 1864; act of March 3, 1865; act of February 12, 1873). Later the provision regarding the motto was dropped from the law, but inasmuch as it was permissive, and not mandatory, there is some doubt as to whether Congress really intended to repeal this part of the law.

The suggestion for placing a motto of this kind on the coins originated in the mind of Rev. M. R. WATKINSON of Ridleyville, Pa., who wrote to Secretary CHASE in November, 1861, making the suggestion. Mr. CHASE adopted the idea, although not the exact words of the motto proposed. A history of the matter is given in the Twenty-fourth Annual Report of the Director of the Mint, and reprinted in THE BANKER'S MAGAZINE for March, 1897, page 391.

THE remedies employed by the Federal Government to break the force of the late panic are not to be criticized in a narrow spirit. "Any port in a storm" is not a bad maxim. We can not, however, view the expedients employed to relieve the stress with satisfaction. In our opinion the issue of so-called Panama bonds and of the short-term certificates strained if it did not actually break the law. When the previous issue of bonds was made in July, 1907, there was $175,000,000 in the Treasury, and the issue was not necessary for construction work on the canal. Actually the bonds were issued to relieve the money market. So there was a precedent for Mr. CORTELYOU'S action. The increase of bank circulation, based on this new batch of bonds amounting to $50,-000,000 will result in inflation at a time when the currency may already be redundant, following the reaction due to the late crisis.

The $100,000,000 issue of certificates of indebtedness is also of doubtful legality, and the usefulness of these instruments remains to be demonstrated.

When these devices were resorted to the situation was in a fair way of righting itself, and there hardly seemed any necessity for adding $150,000,000 to the paper circulation of the country.

For years we have insisted that the continued inflation of the currency by the issue of bond-secured bank notes, and the practice of the Treasury in assuming the function of regulating the money market, would get the business of the country into a condition of over expansion, and we must deplore any action, however urgent the necessity for it, that carries the country still further into the quagmires and quicksands of Government paper and reliance upon Government aid to the money market.

The large amount of public money now in the banks, procured partly by loans and partly by taxation, has been so used by the Treasury

as to be a positive injury to the sober, steady and healthy growth of business; and we shall never get permanent relief until these reforms are accomplished: first, the Treasury funds must be received and disbursed in a business-like manner, and all attempts to regulate the money market must be abandoned; second, the issue of bank notes based on bonds must be stopped.

Until a large part of the Government paper called bank notes is finally retired, we can see no reason to introduce an asset currency—although we have been for many years an advocate of that form of bank notes. But out situation has been greatly aggravated by paper money. We need first to get rid of some of the paper now existing, and when that is done the way will be clear for a bank credit currency.

The only financial legislation needed at this session of Congress seems to be the enactment of a law prohibiting the use of future issues of bonds as security for circulating notes. The law limiting the monthly retirement of bank notes to $9,000,000 should be repealed, so that any redundancy resulting from recent inflation may be the more speedily corrected. The Secretary of the Treasury should also be forbidden to use the public funds and the borrowing powers of the Government as they have been employed of late.

We repeat that THE BANKER'S MAGAZINE favors the introduction of asset currency at the opportune time. But the Government's course has so inflated the currency and therewith the credits of the country that it would be most unwise to provide for the issue of more currency of any kind at the present.

THE poor and the ignorant are convenient scapegoats on which to place the sins of the community. Banks are continually in fear of runs that may be started through the groundless fears of the poor and the illiterate. But the "rich man's panic" of 1907 shows that there is another class that may become the source of danger.

Where a run on a bank is incited through motives of revenge, as seems to have been the case with the inception of the bank and trust company troubles in New York, and where those instigating the run are men of wealth, controlling, directly or indirectly, the bank accounts of numerous corporations or other large interests, the harm they may do to a bank in a very brief space of time far exceeds that which a bank can suffer from withdrawals made by its poorer depositors. The financier who seeks revenge in addition to cash can spread distrust and render it practically impossible for an institution when attacked to get the aid that might prevent its failure.

INSURANCE of bank deposits is believed by many to be a remedy against bank panics. The plan regarded with most favor contemplates a Government guaranty, a fund being derived from taxation of the banks and applied to the payment of depositors when there is a failure. The knowledge that such a fund existed would have a reassuring effect upon depositors; but whether it will inspire such confidence in banks as to prevent runs and panics, can not certainly be predicted. That spirit of frenzy which manifests itself in baseless assaults upon solvent banks may be cured by act of Congress and it may not. Still, some good would flow from a law providing for the insurance of deposits. In the first place, it would probably head off the foolish movement for postal savings banks: and, secondly, it would no doubt result in a great increase of deposits by attracting money now hoarded. These considerations, of themselves, are probably sufficient to justify the insurance of deposits—although several others could be named. There are, of course, sound arguments which may be adduced against this proposal. Many people believe that the ideal way to make depositors safe is by insisting on the efficient management of banks—obviously an old-fogy notion in these days when the Government can do everything so much better than the individual. Other non-progressive persons insist that if the existing laws in regard to the supervision of banks were strictly enforced, there would be no demand for the insurance of deposits. A few incorrigibles contend that the individual who withdraws his money from a sound bank and keeps it in his own custody or locks it up in a safe-deposit box lacks common-sense.

All these views are, evidently, hopelessly old-fashioned. What is needed is more Government support of everything and everybody. In time discriminating judgment and ordinary sense will be qualities which no one need possess. All these things will be supplied by a benevolent Government.

RESERVES for bank notes, under the plan favored by the American Bankers' Association, are to be the same as those now required against deposits.

It would seem to be in the interest of safety if a straight reserve of not less than twenty-five per cent. were required, to be kept in the vaults of the issuing banks; or a portion might be kept with the redemption agent.

The issue of a credit currency ought to bear a close relation to the stock of gold in the country, and if the credit notes are to be supported by the further "pyramiding" of reserves, this principle will be violated.

RENEWALS and extensions of loans to mercantile and industrial establishments will do much to avoid a serious depression in business. The importance of banks taking such a course was pointed out in the following letter recently issued by WILLIAM A. GASTON, president of the National Shawmut Bank of Boston:

"In a period of such stringency of the money market as we are now experiencing it is of the utmost importance that the banks shall renew, as far as it lies in their power, the notes which may be maturing of merchants and manufacturers and others who are worthy of credit.

In many cases it is utterly impossible for perfectly solvent business houses either to borrow new money or to collect their receivables which ordinarily are paid, or to sell their merchandise, and if they are forced unnecessarily by the banks to pay their notes bankruptcy or receivership is sure to follow.

In order to restore business affairs to a normal state a general liquidation of business must take place. This, we believe, every merchant is attempting to do to the extent of his ability, but the banks and trust companies must, in our opinion, do their share by extending maturing notes in whole or in part. The fewer the number of solvent merchants who are forced to pay their debts where it means hardship, the fewer the failures, and consequently the sooner a restoration of confidence and a normal condition of the money market will ensue.

We therefore urge you, as far as in your power, to help the mercantile situation in this way."

By heeding the above counsel the banks of the country can do much to prevent the hardships that would follow if the payment of loans were insisted on too closely just now or if fresh accommodations should be denied.

ONE effect of the recent financial disturbance was to reveal some unsound spots in the banking community—which is one of the compensations to be put down as an offset against the many hardships growing out of the panic. Apparently some of the practices brought to light call for an application of the criminal laws. There is no room in this country for reckless and dishonest banking, and in fact but little of that kind can be found. But this is a case where a very little goes a long ways. Prompt and vigorous action against those who recklessly or criminally use the funds of banks will tend to discourage imitation of that style of banking.

DESPITE the occasional suspensions of banks brought on by fear-crazed depositors, it may be confidently asserted that a bank is the safest place to keep money. True enough, money deposited in a bank may be embezzled by dishonest officers or employees, or it may be lost through bad loans. These risks, however, are insignificant compared with those incurred when a man becomes the custodian of his own funds. In the latter case he may lose his money in a variety of ways—by fire, flood, and theft, or he may be defrauded of it, or lose it by mere carelessness, or make bad investments. From all these risks the banks afford practically absolute safeguards, and they also put money to its proper use, making it of the greatest service to industry and commerce. These are times when these simple and well-known facts may be lost sight of by many people, and great harm be done in consequence. The banker himself, not purely in his own interest, but having regard to the welfare of individuals and of the community, may well do some good educational work in spreading a knowledge of the relations that exist, or that should exist, between banks and the public.

INFLATION has undoubtedly greatly aggravated the conditions leading up to our recent strain in the financial situation. The great increase in the country's gold supply afforded a sound basis for the expansion of bank loans, but this has been weakened by an addition in the last six or seven years of about 300 millions of Government paper money—miscalled bank notes—bringing the total of that kind of currency up to over 600 million dollars.

While THE BANKER'S MAGAZINE was one of the earliest advocates of a bank credit currency, and has continued to favor that reform at every opportune time, what has always seemed to us of first importance is to stop the issue of any more bond-secured notes. When the issue of bonds for the Panama Canal was first proposed, it was pointed out in MAGAZINE that an altogether undesirable increase in the bond-secured notes would take place, and it was clear enough to those who had studied the matter at all what the result would be, especially since the bank circulation had been swollen already by the refunding provisions in the Act of March 14, 1900. Our protests against this paper inflation, repeated again and again, were not heeded. The crazy inflation of the currency went on, the prices of securities and of commodities soared to the sky—only to fall again to the earth. Will the obvious lesson of the panic of 1907 be heeded, or shall we go on thinking that our financial strength can be restored and maintained by issuing more paper money?

AN increase in the volume of bond-secured national bank notes, though undoubtedly affording temporary relief in a monetary crisis, is nevertheless a remedy fraught with the gravest peril. It is much like prescribing whiskey as a remedy for delirium tremens, or trying to cure hydrophobia with the hair of the dog that bit you. For whatever difference of opinion there may be in regard to the causes of our monetary troubles, no thoughtful observer of conditions can have failed to note the mischievous tendencies of the bond-secured bank circulation. As elsewhere stated, in our opinion, the continued intervention of the Treasury in the affairs of the money market, and the immense gain in the volume of Government paper money—miscalled bank notes—were prime sources of our trouble. And the remedy that has been employed to so large an extent (more bond-secured notes) is bound to work further mischief in one way or another. This extraordinary demand for cash will, in all probability, be followed by a sharp reversal of conditions, and before many weeks the supply of currency will be greater than the legitimate demand. We shall then witness either a period of excessive speculation, or a heavy exportation of gold, for the redundancy in the currency will not be corrected by the retirement of the bank notes—unless, indeed, the state of the bond market should be favorable to such a course.

CHECKS have come into use of late so largely for payroll purposes that it will be a short step for Congress to legalize their use, and thus give the country an asset currency.

A certified check does not differ much in principle from a credit bank note. While the check is issued in the first place by the depositor, when certified by the bank the latter becomes liable for its payment, and it is just as much an obligation of the bank as a bank note would be.

It seems, however, that most of the checks circulating as currency lately have been issued by the banks. In some cases the plan has been for a depositor who needed funds for payroll requirements to draw a check for the whole amount needed and the bank would pay this large check by issuing "checks" of its own in convenient denominations—these latter checks being payable only through the exchanges.

These various expedients employed to tide the country over a financial crisis are all in violation of law, but they emphasize the force of the maxim that necessity knows no law. These devices have been rendered necessary because Congress has persisted in fastening Government paper money upon the country, and has steadily refused to grant the banks authority to use their credit legally to prevent a monetary strain.

STOCKS of railway and industrial corporations have experienced such a heavy decline of late as to prompt the inquiry whether such securities do not occupy altogether too prominent a place in the country's banking transactions.

Actually stock speculation represents but a small proportion of the country's business. but it exercises an influence inconsistent with its volume. A violent decline in prices on the New York Stock Exchange not infrequently sends a shiver of apprehension throughout the entire financial fabric of the country.

The banks at New York and some of the other large centres are largely engaged in promoting dealing in stocks, and within prudent limits this may be safe enough. But when the prices of stock go down so rapidly as they have of late, declining to the extent of billions in perhaps a week, can it be said that banking which in any way is mixed up in such transactions is entirely safe?

Both the Treasury and the banks have pursued a course which boomed stock prices to the highest notch. These prices were speculative, whatever may be said to the contrary. The dividend rate is not a criterion. If the money paid out by the railroads in the shape of dividends had been applied to betterments, and if banks had given more attention to meeting the requirements on this account and less to fostering stock speculation, the whole situation would have been much sounder than it now is.

THE viciousness of the Treasury policy in artificially influencing the money market may be seen in many ways. One result of this policy has been to prevent that gradual rise in the interest rate which would have afforded the lenders of capital a just compensation for the lessened purchasing power of their income because of higher prices and that would have interposed a natural and healthful check upon speculation and prevented the undue expansion of enterprise. The working of economic laws has been interfered with by the Treasury. Funds have been borrowed, on bonds, or procured by taxation, and poured into the banks, to be suddenly withdrawn and returned again as the judgment of the Secretary of the Treasury dictated. The bank-note circulation has been "stimulated" by artificial devices, and extraordinary expedients of various kinds have been resorted to in order to bolster up the skyscraping financial exploits of the past few years.

PROBABLY most of the checks issued lately to circulate as currency were in violation of law, but their use emphasizes the truth of the saying that necessity knows no law. When Congress finally permits the banks to issue a credit currency, it will be little more than a legalization of what has already been done. But without legal sanction the banks would not care to go to the trouble and risk of issuing notes, or circulating checks, as they have been doing for some weeks. Perhaps in ordinary times the Government might not be so tolerant of those who infringe its prerogative of issuing the country's paper currency.

EX-SECRETARY SHAW ON THE PANIC.

SPEAKING before the National Business League at Chicago on November 23, Hon. Leslie M. Shaw, former Secretary of the Treasury, and now president of the Carnegie Trust Company of New York, said:

"The American people have been living extravagantly, and this practice has become well nigh universal, and applies as much to the West as to the East. Boldness in business has also been the rule. In the agricultural states men have purchased lands, paying part cash and have felt perfectly safe with a mortgage representing fifty per cent. of the prospective value. City and suburban property has been purchased in the same way.

The panic, in my judgment, has been precipitated rather than caused in the same way that the panic of 1893 was precipitated. It has been popular for several years to speak disparagingly of American business men, their methods and the institutions with which they have been connected.

Lest I be misunderstood, I want to make it clear that in my judgment this country will never outgrow the lift toward civic and business righteousness resulting from the policy of strict enforcement of law which has characterized the administration of President Roosevelt.

I am equally certain that it will take us some years to outgrow the evil effects resulting from agitation, reckless legislation and ill considered prosecutions by those who have been unable to appreciate the President's purposes and who have therefore sought popularity by imitating the weakest rather than the strongest side of his administration."

NEW DIRECTOR OF BANK OF ENGLAND.

CAPTAIN MONTAGU COLLET NORMAN, a member of the banking firm of Brown, Shipley & Co., was recently elected a director of the Bank of England.

HOW LONDON DEFENDS ITS GOLD.

BY W. R. LAWSON.

THERE is a marked tendency in monetary crises to become more and more intense and to concentrate themselves at particular points. In the United States the point of concentration is, of course, New York, and in the United Kingdom it is London. In the case of severe and widespread crises London is the point of concentration for the world at large. On it the ultimate pressure of all exceptional demands for money or credit is brought to bear. It has to defend itself against drafts, claims and demands from all quarters.

In former articles I have endeavored to describe the nature of those demands and how they operate on the London money market. I have also described from various points of view the modus by which London defends itself against them when they become too exacting. The position of the Bank of England in relation to them has also been explained in a general way. But that is a very protean subject which is changing every day. Every succeeding crisis has a different effect on the Bank and calls for more or less special treatment. Of late years this tendency toward specialization has greatly increased, so much so that the traditional rules and axioms by which the directors of the Bank used to shape their policy are gradually disappearing. Personal judgment enters more and more into the management of the Bank and especially into the regulation of the official rate. Formerly the action of the Governors in a given case might be forecast with considerable accuracy by the study of gold movements and the state of the bill market. Now all these clues have been given up as worthless. Any influence they might have had on the action of the Governors will as likely as not be counteracted by some circumstance unknown to the public. The Bank rate is no longer governed by past events or even by present conditions. Often the future outlook has more weight than either of these on the decisions of the directors as to change or no change. Events follow each other so rapidly nowadays that they have no sooner happened than they become stale and negligible. It is what is going to happen next that the up-to-date banker must prepare for.

Concentration of Banking Operations.

The telegraph, by putting all the money centres of the world into instantaneous communication with each other, has not only expedited business but has simplified and compressed business methods. It has concentrated international banking more than anything else. Lombard Street is ridding itself of the cumbrous machinery of half a century ago.

Long dated bills which were its staple materials then are being rapidly eliminated. Six and eight month bills have given place to sixty and ninety day drafts. These in their turn are being superseded by sight bills or "checks." But the most important factor of all nowadays is the "cable transfer." It is a potent method of moving gold instantaneously from one part of the world to another.

All these novelties make, as has been said, for intensity and concentration. They simplify the work of Lombard Street, but at the same time they intensify it and aggravate the unavoidable strain under which it is carried on. They have a kindred effect on the Bank of England and their influence is most acutely exercised on the Bank's gold reserve. It was difficult enough to protect the reserve when the process of tapping it was much more cumbrous and circuitous than it is now. Formerly gold could only be got out of the Bank for export by collecting foreign bills on London, discounting them in Lombard Street, paying the proceeds into a current account at the Bank, drawing them out again in Bank notes and exchanging the notes for gold in the Issue Department.

In a fraction of the time necessary for that round of operations a "cable transfer" can now be bought either in London or New York. If bought in London it is equivalent to so much gold in New York, Paris, Berlin or Buenos Ayres as the case may be. If bought in New York it is equivalent to so much gold in London or some other monetary centre. In normal times the sales and purchasing of "cable transfers" can be so scientifically worked as roughly to balance each other. When there is a deficit or a surplus at a particular point it can soon be rectified by an actual shipment of gold. London, New York, and Paris are all well provided with experts in foreign exchange whose business it is to maintain a balance between the cross currents of debits and credits which are continually circulating internationally. Commodities, securities, bills and cables are the very mixed counters they operate with. The game is easy enough while the counters are abundant, but when they are suddenly curtailed or disarranged or otherwise thrown out of gear, it becomes very anxious and trying work. The fewer counters available the greater strain is thrown on the survivors. It is the clogging of the international money market which causes first stringency, then crisis, and finally panic. When the panic stage is reached there will be urgent demands for relief and perhaps only one means of satisfying them—the immediate transfer of gold. Such demands are naturally made on London "the world's only free market for gold" and whether it likes it or not the Bank of England has to meet them.

Present Conditions Not Provided for in the Bank Act.

Nothing of this sort however was in the bargain which the Bank of England made with the Legislature in 1844. Its Issue Department and its gold reserve were designed for a money market the staple materials of which were three, six or eight months' bills. They came and went in a sober, leisurely way and very seldom caused much trouble in Threadneedle Street. But sight bills and "cable transfers" flying about at all hours of the day may keep the smartest banker on tenter hooks. To an institution run on seventeenth century lines they must be puzzling as well as annoying. Worst of all when unlimited demands for gold have to be met out of a chronically inadequate and dwindling supply, it may be readily imagined what a gold scare means to the Bank of England.

Effects of the Recent Panic.

The moment that a panic broke out in New York gold began to be drawn from London. Within a week thirty million dollars was engaged and in the second week another twenty millions—say fifty millions in all. That was an extraordinary amount as times go. Very nearly as much gold was furnished by the United States Treasury without turning a hair on anybody; but observe what were the dire effects of depriving London of a small slice of its gold reserve. The Bank of England had to raise its official rate three times within little more than a week—first from 4 1-2 to 5 1-2 per cent. (October 28), next from 5 1-2 to 6 per cent. (November 4), and finally from six to seven per cent. (November 7). Moreover, every other important bank in Europe had to follow suit. Eleven official rates were advanced almost simultaneously, the following eight of them on the same day:

Bank of Germany....................	from	6½	to	7½
Bank of Russia....................	"	8½	to	9
Bank of Sweden....................	"	6	to	6½
Bank of Norway....................	"	5	to	6
Bank of Denmark....................	"	6	to	7
Bank of Italy....................	"	5	to	5½
Bank of Naples....................	"	5	to	5½
Bank of Sicily....................	"	5	to	5½

Was that not a terrible commotion to make over forty or fifty million dollars of gold? And how absurdly it contrasted with the quiet way in which forty millions was transferred at the same time from the Treasury to the New York banks?

Present Method of Obtaining Gold Condemned.

Such an experience might well force anyone to the conclusion that if there could be a more noisy, hysterical and costly method of obtaining gold than raiding the Bank of England for it, it has yet to be discovered. The whole episode is full of anomalies, ironies and paradoxes. A money centre with a huge stock of specie which the law does not permit it to use, applies distressfully to another money centre with very little specie and no law to protect it. Then the money centre with very little gold is forced to beg or borrow for the money centre which all the time has several hundred million dollars locked up in its vaults.

There could not be a greater travesty of banking science than the relations which London and New York have held to each other during the past month. At the outbreak of the panic the stock of gold in the United States was nearly 1,500 million dollars, or 300 millions sterling. Of that the associated banks in New York held about 200 million dollars. At the same date the stock of gold in the United Kingdom did not much exceed 100 millions sterling, of which about 33¼ millions was in the Bank of England. Against the latter 51¾ millions sterling of Bank notes had been issued, the excess of 18½ millions being covered by Government securities to the same amount.

Thus, on the eve of the New York panic, say October 16, all the free gold which the Bank of England possessed was the excess of its note reserve over the 18½ millions which had only Government securities behind them. The amount of notes in circulation was 29¼ millions, consequently 22½ millions remained in the Banking Department. Deducting the 18½ millions covered by securities only the other four millions would be gold-covered notes. That was the whole extent of the Bank of England's free gold on October 16. In the official reserve the gold and silver held as till money is also included, but that makes only a million and a quarter more—say 5¼ millions in all.

While in this condition London was called upon by New York for gold to the amount of nearly ten millions sterling, and the wonder is how such an amount was ever scraped together. The weekly arrivals of bar gold from South Africa provided about a third of it. Casual contributions came in from abroad and the rest had to be taken from what we euphemistically speak of as the Bank of England's gold reserve, though, as explained above, it is chiefly a reserve of uncovered notes. This was officially stated in the weekly return of October 16 at £23,863,000 and its ratio to the total liabilities of the Bank was a little under fifty per cent. The returns of the three following weeks show how both the banking reserve and the gold in the Issue Department were affected by the gold raids:

	Total Stock of Gold.	Banking Reserve.
October 16	£33,382,000	£23,836,000
October 23	34,773,000	24,018,000
October 30	31,729,000	20,833,000
November 7	27,490,000	17,694,000
Decrease in four weeks..	£5,892,000	£6,142,000

The loss was actually greater than these figures indicate, as there should be added to it a certain amount of gold returned from domestic circulation and the current imports which under normal circumstances would have remained in the Bank. Practically the whole of the fifty million dollars which New York took from London during the panic either went from the Bank of England or was diverted from it. By November 7, when the Bank rate was put up to seven per cent., the small surplus of five millions sterling of free gold had been converted into a deficit of nearly two millions. The chief items in the weekly return then compared as follows with those of October 16:

The Bank of England's Position Before and After the Panic.

	Before October 16.	After November 7.
Total Issues:		
Gold covered	£33,382,000	£27,490,000
Security covered	18,450,000	18,450,000
	£51,832,000	£45,940,000
Circulation	£29,290,000	£29,840,000
Notes in Bank	22,543,000	16,460,000
	£51,832,000	£45,940,000
Note Reserve:		
Gold covered	£4,093,000	*£1,990,000
Security covered	18,450,000	18,450,000
	£22,543,000	£16,460,000
Total Reserve:		
Notes	£22,543,000	£16,460,000
Till money	1,293,000	1,235,000
	£23,836,000	£17,695,000

*Deficit.

Bank of England Not in a Position to Meet the World's Demand for Gold.

The metallic status of the Bank of England when thus properly analyzed proves to be the weakest of any of the great national banks. It is the last bank in the world which should undertake to furnish gold *ad libitum*. It keeps the smallest actual stock of the metal. It is least free in its gold-purchasing operations and it has least power to retain gold once secured. Gold runs very fast out of the Bank of England and takes a long while to come back again. The seven or eight millions sterling which were lost during the three weeks of the panic may require months to recover. It rushed out by millions and will return by thousands.

On this crucial point interesting light is thrown by the movements of the gold reserves in the Issue Department and the note reserve in the Banking Department during last year's money squeeze. Below I have tabulated these items as they stood in the last weekly return preceding each change made in the Bank rate during that period. They start from the 3½ per cent. rate, which came into operation on September 5, 1906, and end with the 4½ per cent. rate, which was in force until October 23 last. At each change the new rate is stated:

Bank of England Rates and Gold and Note Reserves.

September, 1906, to October, 1907.

1906:	Official Rate.	Gold in Issue Dept.	Banking Reserve.
September 5	3½	£36,618,000	£27,367,000
October 3	4	30,326,000	20,401,000
October 17	5	27,700,000	18,862,000
1907:			
January 9	6	30,670,000	21,418,000
April 3	5	32,782,000	23,860,000
August 7	4	33,746,000	23,650,000
October 16	4½	33,382,000	23,836,000
October 23	5½	34,773,000	24,018,000
October 30	..	31,729,000	20,833,000
November 7	7	27,490,000	17,695,000

Note that when the New York gold raids of 1906 began the Bank of England's stock of gold exceeded 36½ millions sterling. Nine millions, or twenty-five per cent. of that, was lost in the six weeks from September 5 to October 17, or at the rate of a million and a half per week. A whole year of high rates followed, ranging from four up to six per cent., but it did not bring back more than three millions of the lost gold. The other three millions had evidently gone for good, or at least until the gold market changes from dearth to glut. This year's gold raids started from a 33 million instead of a 36 million level as last year. They have also been much more severe and the combined effect of these two factors has been a greatly aggravated gold scare in London. On November 7 the Bank of England showed the lowest banking reserve and the lowest gold reserve of the whole year.

Real Strength of the Bank of England.

For a world power in finance that was a poor show of endurance. The explanation is that the strength of the Bank of England does not lie in its Issue Department, but in its discount office; not in its bags of sovereigns, but in its bill-case. Its historical prestige is derived from the fact that it has for over two centuries represented the highest form of banking credit in the world. The grading up of credit which begins in the wheat fields of the Northwest and on the cotton plantations of the South reaches its climax in Threadneedle Street.

When the cotton planter's note of hand to the commission agent is replaced by the commission agent's loan from his local banker, and that in turn by the local banker's bill discounted with a New Orleans bank, the New Orleans bill by a draft on New York, the draft on New York by one on London, and the bill on London by a check on the Bank of England—these are so many steps in the grading up of commercial credit from its crudest to its finest types.

The Bank of England comes in at the end of the long series and completes it. With the smallest gold reserve of any state bank in the world, it is the mainstay of international banking because its credit stands highest of all. From every staple-producing and exporting country a chain of graded-up credits like the above reaches round the globe to Lombard Street and in the last resort Lombard Street has to be helped out by the Bank of England. Conversely, the British exporter all over the United Kingdom sets in motion other chains of credit which gradually improve in quality as they approach Lombard Street. The bill or check of the provincial buyer passes into a provincial bank, which transforms it into a London credit. The shipper in London converts it into a draft on wherever the goods may be going.

In the larger branches of export business the process of converting personal credit into corporate credit and commercial credit into banking credit is nowadays much shorter and more direct that it used to be. Formerly the provincial manufacturer might get a check from his buyer, and pass it on to his local banker. The local banker would forward it to his London agent, who would put it through the clearing-house. There it would become one of many thousand items appearing on opposite sides of the daily balance-sheet. All the final balances having to be settled by checks on the Bank of England, it may be correctly said that the original check with which this chain of credits started has been graded up to Bank of England credit—the highest form of banking power known to us.

With slight variations a bill given to a provincial manufacturer for goods to be exported goes through the same process. The local banker sends it to his London agent, who discounts it and converts it into a London credit, which may become the starting point of a new series of conversions ending at the Bank of England. What has to be always borne in mind is the continual grading up of credit that goes on: the most useful as well as most essential function of banking. Whatever diverts public attention from this vital point, whether to kegs of gold or to bank notes, is doing harm to banking science. Bankers are manufacturers of credit, improvers of credit, exchangers of credit. When they understand their business and keep within prudent limits in conducting it, they will outgrow their present terror at the imaginary danger of being reduced to their last sovereign. In such a crisis the best banker would be the man who had best maintained his credit.

Improved Methods of Effecting Conversion of Credits.

What I have sketched are the rudimentary forms of converting foreign into domestic credits and *vice versa.* Modern methods of foreign exchange have greatly accelerated the process and increased the varieties of credit documents. A shipper of cotton goods from Manchester to a foreign port can now draw direct on his foreign consignee. His local banker will take the draft and sell it for him to an exchange bank, thereby completing the transaction so far as he is concerned. The same thing may be done in Birmingham, Sheffield, Glasgow, or any other provincial city. Undoubtedly the great multiplication and expansion of such facilities that has taken place in recent years is increasing the demand for them. Not only has the volume of international trade grown immensely, but a much more important development from a banking point of view is the great increase in international exchange which now accompanies all the principal trade movements.

The modern banker finds everywhere a double movement in progress. In staple commodities commerce and speculation run each other hard. In stocks the investor and the speculator are in continual competition. In finance the company promoter, the empire-builder, the public loan monger, and half a dozen other wholesale exploiters of credit, are all lying in wait to coax a few more millions of our paper wealth out of the banks. Do not imagine that the people who get up big syndicates and underwrite foreign loans are all millionaires. It is the man who has least to lose that subscribes most generously. He trusts to his banker to see him through with it, and if bankers were a little less obliging on these occasions they might not require to put the screw on so hard at other times.

If all the bank parlors in London could be unroofed on the day of a big foreign loan, say Japanese or Russian, the cynical observer might see some amusing incidents. Twenty, thirty or forty millions sterling may be subscribed without a single piece of real money changing hands. The application money is usually five per cent., and that on a forty million subscription would be two millions. What happens is that checks amounting to say £200,000 each on ten banks are paid into the bank receiving the subscriptions. When they are all cleared the receiving bank will have two millions more at its credit at the Bank of England and the ten paying banks will have two millions less. There has been a general shuffling of bank credits and nothing more. Only when the foreign Government which has contracted the loan begins to take away the money does the shoe begin to pinch in Lombard Street.

Enormous Demands for Bank Credit.

We appear to be approaching the climax of a period of intense monetary activity which has closed in on us from many different quarters and through a great variety of channels. One feature, however, is common to them all, and that is their exuberant use of bank credit. Their demands for it have run far ahead of the normal increase in the ability of the banks to supply it. Whether or not some banks created more of it than they should have done, and whether or not some large borrowers have got more of it than was good for them—are questions that must be left to the course of events to answer. Enough for our purpose appears on the surface, and is neither occult nor disputable. We have before us a group of clear and definite facts, every one of which is more or less answerable for the existing dearness of money, and the combined effect of which might easily account for eight or ten per cent., let alone seven per cent. Bank rates.

First, the vast expansion that has taken place in international trade during the past decade.

Second, the accompanying speculation there has been in all staple commodities, especially iron, steel, copper and tin.

Third, the gigantic movements upward or downward in stocks, Americans in particular.

Fourth, the huge financial operations which have been carried through with greater or less success—Government loans, conversions and reorganizations; the financing of new railways, electric traction, electric lighting, etc.

These have all been what the South Americans very politely call "operations of credit." From first to last there has been comparatively little real money put into any of them. They have discounted the future systematically, enthusiastically, sometimes furiously. The question now is, How much more of it will the future be able to stand? That rests with the banks, which, though they did not actually start the financial carnival, have in too many cases fostered and promoted it. Their degree of responsibility for it varies in different countries and even in different cities. The great majority of our London banks have kept on the even tenor of their way, never turning aside either for Chancellors of the Exchequer or kiss-me-quick millionaires. But even Lombard Street has not been altogether impervious to "finance bills" and other up-to-date forms of fancy credit.

As for New York, it has for years been a credit factory, and a hotbed of sky-scraping capitalization. New issues of fifty or a hundred million dollars were tossed into Wall Street like Christmas boxes. And what Wall Street could not swallow it sent over to London to sell or pawn or contango. The Kings and Queens of American finance made it hot for the City while they had the chance, and another irony of modern finance is that the institution which above all others helped them to do it was the Bank of England. It was the head and backbone of the world-wide network of credit which found the necessary millions for them.

In that connection the Bank of England was, up to a certain point, doing its proper and peculiar work. No other agency or institution could have done it so well. But even the Bank of England has its limits. As the final link in innumerable chains of international credit, it is unique. But as a cosmopolitan gold reserve it is an anachronism. So far from having unlimited gold to spare for its poorer neighbors, it has not at the present moment enough for its domestic needs. For New York to raid its insignificant gold reserve was as ridiculous as if Mr. Rockefeller were to try to raise loans in the Bowery.

However it may strike New York bankers, the absurdity of the proceeding begins to dawn on London bankers and financial editors. While the gold raids were in full swing these gentlemen bemoaned them daily and appealed to New York to find some home remedy for its panics instead of always sending to London for gold pills. The two financial editors who are in closest touch with City bankers have been most vehement and persistent in their expostulations. The Money Article of the "Times" of November 8 hopes that "the gold now arriving on the other side may restore confidence. If not, the American Executives will have incurred a heavy responsibility in the eyes of the civilized world by not having intervened earlier. The effects of its policy of masterly inactivity have already been serious enough."

Readers of the "Times" were so deeply impressed by this bold warning to President Roosevelt that they thought he could do no less than forthwith call a special session of Congress and have a new supply of currency authorized and issued on the spot. In fact, a rumor to that effect did get into circulation during the day and had the wholesome effect of rallying all markets from a bad fit of the blues. The "Standard" of the same date, harping on the same string, said: "It certainly looks as if the question of preventing still higher interest rates resulting from the continued absorption of gold for America must depend largely upon the steps to be taken by the United States Government to restore public confidence in the States and to assure the European markets that future requirements of gold for America will assume reasonable dimensions."

In the "Standard's" Money Article of the preceding day there was a still more significant reference to the gold raids. The writer, in speculating on the slender prospect of the six per cent. Bank rate proving effective, uttered the following rather doleful anticipation: "Even when all allowance is made for the extension of credit facilities in recent years and the manner in which the money markets of the world are now in close touch with each other, the weapon afforded by a Bank rate limited to six per cent. is after all not a very powerful one. It has to be remembered that during these same years several important countries have adopted the gold standard and now compete for the world's supply of the precious metal, while the fact that commercial transactions are less exclusively centred in this country than they were thirty years ago does not tend to increase our control of the foreign exchanges."

American readers may regard the above quotations as the latest version of the excuses which London bankers are now making to themselves and their friends for six and seven per cent. rates. Compare them with the expose I have given of the actual gold status of the Bank of England, and you will agree with me, I think, that the evil is much deeper located than six or seven or even eight per cent. Bank rates can reach. The Issue Department of the Bank of England as at present constituted is organically incapable of providing unlimited millions of gold at a day's notice. The huge gold movements of the present time were never dreamed of sixty years ago. If they had been, the Bank Act of 1844 would have been entirely different.

Lord Overstone, the real author of the Bank Act, was familiar only with small arrivals and shipments of gold. London was a mere distributing point for gold, the same as it was for foreign copper. No great permanent hoard of it had been formed by any of the state banks. In fact, very few state banks had yet come into existence. There were no banking laws or customs requiring substantial gold reserves to be held against deposits. The financial situation of to-day would have been inconceivable to the financiers of 1844. It would have frightened and overwhelmed them. The last thing it would have suggested to them to do was to keep an open table for gold at fixed buying and selling prices.

This doctrine has received many severe shocks during its sixty years' existence. Latterly they have become heavier and more frequent. Last year's was the most alarming it had suffered so far. This year's has been decidedly worse, and the next may be worse again. In impressing this on American readers I wish to put them on their guard against trusting too implicitly to the Bank of England to pull them through all their speculative difficulties. One day the strain put on it by their gold raids may be greater than it can bear, or at least than it finds to be worth bearing. In what form or direction it may seek relief, no guess can be made as yet; but "the only free market in the world for gold" will sooner or later have to sacrifice something of its freedom to safety and common sense.

London, November 12, 1907.

TWO-CENT LAW A BENEFIT.

REPORTS of thirty-nine railroads operating in Ohio, recently submitted to the State Railway Commission, show that the two-cent passenger fare law has in the main operated to their advantage.

The reports for the fiscal year ended June 30, 1907, show an aggregate net gain on passenger receipts for these roads of $1,332,282, compared with earnings for the year 1906, which included three months' operation under the two-cent fare.

Only ten of the thirty-nine lines reporting show a decrease in passenger earnings, and this aggregates only $35,645.

THE INTEREST RATE.

IRVING FISHER, Professor of Political Economy at Yale University, attributes the present crisis to the failure of the rate of interest to rise with the corresponding rise in prices of commodities. He explains his position as follows:

"As the level of prices rises we know that it affects the man with the fixed salary or fixed receipts; it also affects the relation between debtors and creditors, but more than either of these it affects the rate of interest, and it is this latter phase of the case that the bankers and financiers have failed to realize. They have entertained a belief that with an increasing supply of money the interest rate should decrease. This is not true.

The lender is bound to receive full compensation in interest on his loans. A failure to realize this situation is the real underlying cause for the present crisis. The plentiful supply of money at the old rates of interest has induced overspeculation. Banks that have been guilty of overspeculation have found themselves unable to renew their contracts at the old rates.

If there were some means of an adjustment between the rates of interest and the supply of currency, if there had been such an adjustment during the past decade this crisis would never have come. The present crisis is due to the fact that the financial interests believed that they could go on and on borrowing and lending money at the unchanging rate of interest, regardless of the change in the purchasing power of money borrowed and loaned. Bankers have kept the rate of interest down believing it meant prosperity. It is this feeling without reason that is responsible for the sudden disturbance. The interest rates are adjusted to meet conditions. They are readjusted quickly and not over a process of years and for that reason the crisis comes.

If the rates had been advanced gradually as the purchasing power of the dollar grew less, or the level of prices rose, this crisis would not have occurred. It is almost inevitable that where money can be borrowed at a comparatively low rate of interest and invested in industries that bring quick, large returns, overspeculation will follow.

The lesson to be learned from this is not of 'frenzied finance,' nor of 'muckrakers,' nor of so-called 'Rooseveltism,' but is distinctly an economic one that should result in taking up the question of a monetary standard and solving it definitely as we have not solved it yet. The effects of the present crisis should be short, sharp and snappy, but I look to see such a crisis recurring in a few years, perhaps about 1913 from the same causes."

TRUST COMPANIES

TRUST COMPANIES—THEIR ORGANIZATION, GROWTH AND MANAGEMENT.*

BY CLAY HERRICK.

TRUST COMPANIES OUTSIDE OF THE UNITED STATES.

THE trust company has attained its greatest development, by far, in the United States, and in the form in which it exists here may with propriety be looked upon as peculiarly an American institution. The germ of the trust company idea, however, has not been altogether lacking in other parts of the world; and Australia has developed corporations which adhere strictly to the original and distinctive function of the trust company—fiduciary business.

As far back as the beginning of the nineteenth century, the idea of providing corporate agencies for the transaction of business as trustee and agent was put into practice in India by the "Agency Houses." "These were concerns organized to transact business for trustees or individuals, to receive moneys on deposit, and to administer estates;" and a knowledge of their operations inspired the undertaking of this class of business, as early as 1836, by one of the earliest of American trust companies.[1]

During their second occupation of Cape Colony, South Africa, at the beginning of the nineteenth century, it appears that the Dutch established public corporations for the management of the estates of deceased persons; an idea which the English adopted, after their reoccupation of the Cape, by the establishment of their first "Trustee and Executor Company" in 1832. This company had a capital of £29,400, divided into 168 shares of £175 each. "It combined a purely trust business with a form of banking, and apparently had power to allow interest on trust funds, and to trade with them."[2] There are now four trust companies

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* Publication of this series of articles was begun in the January, 1904, issue of the MAGAZINE, page 31.

1 Sketch of The Pennsylvania Company for Insurance on Lives and Granting Annuities, Philadelphia, pp. 32-35.

2 The Age, Melbourne, Australia, January 21, 1907. See also "Dalgety's Review," Melbourne, August, 1906.

Companies.	Date of Balance Sheet.	Capital and Liabilities. Capital Subscribed. No. of Shares.	Capital Subscribed. Amount p. Share.	Capital Paid-up. Amount per Share.	Capital Paid-up. Total.	Reserve Funds and Undivided Profits.	Lia. incl. Overd'n Trust Acts.s'curd by cor'p'd'g Asset & Divs. declared.	Total Capital and Liabilities.	Assets. Investments in Public Securities, Fixed Deposits, &c.	Loans on Mortgage.	Property.	All other Assets, incl. Cash & Advances to Clients.	Total Assets.	Profits and Dividends. Net Profit for Year.	Dividend. Rate % p. ann.	Dividend. Amount.
			£		£	£	£	£	£	£	£	£	£	£		£
Trustees Executors & Agency Co., Ltd., Melbourne	June 30, 1906	60,000	2½	30/-	90,000	23,365	2,700	116,065	32,800	6.528	65,000	11,737	116,065	11,043	6	5,400
Union Trustee Co. of Australia, Ltd., Melbourne ..	Feb. 28, 1906	73,822	2½	20/-	73,822	1,364	2,577	77.763	50,846	18,801	2,148	5,968	77,763	3,874	5	3,691
Equity Trustees, Exors. and Agency Co., Ltd., Melb.	June 30, 1906	50,000	2½	10/-	25,000	18,463	11,164	54,627	18,541	721	15,962	19,403	54,627	6,054	10	2,500
National Trustees, Executors and Agency Co. of Australia, Ltd., Melbourne..	Oct. 31, 1906	75,000	2	8/-	30,000	23,984	1,706	55,690	10,000	5,070	36,755	3,865	55,690	2,801	9	2,700
Perpetual Executors and Trustees Association of Australia, Ltd., Melbourne	Sep. 30, 1906	30,000	5	20/-	30,000	2,652	753	33,405	13,940	13,411	1,141	4,913	33,405	2,274	4½	1,275
Ballarat Trustees, Executors and Agency Co., Ltd., Ballarat	June 30, 1906	20,000	2½	15/-	15,000	9,171	750	24,921	18,659	1,800	2,000	2,461	24,921	3,606	11	1,650
Sandhurst and Northern District Trustees, Executors and Agency Co., Ltd., Bendigo	Dec. 31, 1905	40,000	1	10/-	20,000	8,657	2,082	30,73	10,261	10,774	6,944	2,760	30,739	4,156	10	2,000
Permanent Trustee Co. of N.S.W., Ltd., Sydney ..	Sep. 30, 1906	200,000	5	2/6	25,000	16,694	2,524	44,218	20,000	23,263	..	955	44,218	5,171	10	2,500
Perpetual Trustee Co., Ltd., Sydney	Dec. 31, 1905	100,000	10	5/-	25,000	43,595	2,578	71,173	20,000	†29,636	19,500	2,037	71.173	7,333	10	2,500
Executor, Trustee & Agency Co. of Sth. Australia, Ltd., Adelaide	Sep. 30, 1906	10,000	5	30/-	*15,350	8,253	1.074	24,677	16,326	..	1,800	7,051	24,677	2,728	7	1,074
Queensland Trustees, Ltd., Brisbane	June 30, 1906	101,000	2	5/-	25,250	5,894	12,499	43,643	22,595	..	..	21,048§	43,643	2,174	6	1,515
Perpetual Trustees, Executors and Agency Co. of Tasmania, Ltd., Hobart	June 30, 1906	10,000	5	20/-	10,000	7,168	7,473	24,641	5,000	4,075	3,125	12,441	24,641	1,370	8	800
Tasmanian Permanent Executors and Trustees Association, Ltd., Launceston	Sep. 30, 1906	10,000	5	20/-	10,000	5,715	14,022	29,737	5,000	10,369	..	14,868	29,737	1,858	8	800
West Australian Trustee, Executor and Agency Co., Ltd., Perth	Oct. 31, 1906	20,000	2½	10/-	10,000	10,084	500	20,584	1,300	4,250	12,962‡	2,072	20,584	1,916	10	1,000
Totals 1906	..	..	..	..	404,422	185,069	62,402	651,883	245,268	128,698	166,837	111,080	651,883	56,358	..	29,405
Totals 1905	..	..	..	..	404,422	162,524	63,027	629,973	242,007	111,804	166,543	109,819	629.973	54,495	..	28,361
Totals 1904	..	..	..	..	404,422	185,918	79,066	619,406	244,748	101,608	158,011	115,044	619,406	40,495	..	26,059

* Including £350 paid in advance of calls. † Loans on mortgage and other investments, fixed deposits, and debentures. ‡ The security for this property is lodged with the State Treasurer. § Including "secured loans, investments, and sundry debtors, £5,435."

STATEMENT OF CONDITION OF THE AUSTRALIAN TRUST COMPANIES.

in Johannesburg, South Africa, two of which also do a life insurance business, like the early trust companies of the United States.[3]

The Australian Trustee Company.

Trust companies, as corporations for the transaction of trustee business, pure and simple, are well established in Australia, and their business is steadily growing. They appear to have been uninfluenced by the trust companies of the United States, partaking of none of the characteristics of the "financial department store," but adhering to one general line of business.

The records of the first of these companies—The Trustees, Executors and Agency Co., Ltd., of Melbourne—show that its organization was inspired by a knowledge of the success of the trustee and executor companies of South Africa. It was established in 1878, making progress rather slowly for the first few years, during which it had practically no competition. About 1885 the public began to awaken to the value of such institutions, and between that date and 1893 thirteen more companies were organized in various parts of the Commonwealth, all of which are still in existence, making a total of fourteen companies now doing business in Australia. Of these, seven are located in Victoria, two each in New South Wales and Tasmania, and one each in Queensland, South Australia and West Australia. The table presented herewith, taken from the Year Book of Australia for 1907, gives a list of these companies, with the latest available statistics. The amounts of the estates which are held under administration is published by only seven of the companies, the total for the seven being £21,429,246. The Year Book estimates the total for the other companies at from £8,000,000 to £10,000,000, making a probable total of estates held for administration by all the trustee companies of Australia of about £30,000,000. As will be seen from the table, the dividends ranged from 4½ per cent. to 11 per cent.—averaging over 8 per cent.—while in some cases the excess of the net earnings over the amounts of the dividends permitted substantial additions to the "reserve funds" and undivided profits.

The statistics given in the table reflect the different character of the Australian trustee company as compared with the American trust company in one important particular—there are no *deposits*. The Australian trustee company does not receive deposits, and does neither a commercial nor a savings banking business. Nor does it exercise any of the other auxiliary powers common to trust companies in the United States, except that in a few cases safe deposit vaults are maintained, which are found unprofitable because the banks do such business free of charge. As will be seen below, the functions of these companies are practically limited to

[3] Ernest Heaton: The Trust Company Idea and Its Development, p. 34. This is a brief but valuable sketch of the growth of trust companies in various countries. Published in 1904 by The White-Evans-Penfold Co., Buffalo.

those exercised by the probate division of the trust department of the American trust company.

The fourteen companies are chartered and their powers and limitations are defined in every case by private act; but in Victoria there is also some general legislation designed to regulate the business. The acts are all essentially the same, and their general character may be seen from an outline of the act conferring powers upon the original company —The Trustees, Executors and Agency Company, Limited, of Melbourne, which is also the largest Australian trustee company, and probably the largest company in the world carrying on exclusively the administration of estates.[4] It has a paid-up capital of £90,000, reserve fund and undivided profits of £26,826, and the amount at credit of estates, trusts and clients on December 31, 1906, was £8,754,551.

The act conferring powers upon this company starts with a preamble setting forth that, "Whereas, from the uncertainty of human life and from other causes great difficulty often arises in securing the services of suitable persons for the office of trustee, executor and other similar offices; and whereas, in order to secure the more certain discharge of the duties of such offices a company has been formed and incorporated," etc.

The powers granted in this and succeeding acts or by the general statutes of Victoria are (as stated in the company's circular) to act as executor under wills alone or jointly, as administrator in intestate estates, as administrator with the will annexed, as trustee under marriage and other settlements, as trustee in cases of settlement of property for the benefit of women and children, as temporary executor, administrator or trustee, as receiver and committee of estates under the Lunacy Statute, as agent for absentees or others, as guarantor or surety for the proper administrator of estates; to take over existing trusts from individual trustees, to collect income, invest funds, manage or realize estates and perform general agency business, and to invest its own funds on clearly defined lines. To the powers specifically granted the company is strictly held by the Trustee Companies Act of 1890, which says (section 385) that a trustee company "Shall not engage in, carry on or be concerned in any business trade venture or undertaking of any kind whatsoever other than such as is expressly authorized by the special act or acts relating to such trustee company, and other than general agency business, and other than the deposit of its own funds with a company or person carrying on the business of a bank of deposit, and other than the investment of such funds in the stock debentures or marketable securities of any Government corporation or company or on mortgage of real property or Crown leasehold. Provided, that any such company may guarantee the safety of the principal and the regular payment of the interest of trust funds committed to its management as executor, administrator or trustee,

[4] The writer wishes to acknowledge his obligation to the manager of this company, Mr. James Borrowman, for much valuable information regarding Australian companies.

and provided that any such company may give or enter into any bond or guarantee for the purpose of enabling any person or persons to obtain administration of the estate of any deceased person or persons in any case where such estate shall be placed under the management or control of such company by the administrator." The section closes with these words: "Any director, member (stockholder) or officer of a trustee company who is shown to be concerned in or a party to any wilful breach of the provisions of this section shall be guilty of a misdemeanor."

The special act provides that £10,000 of the capital of the company shall be invested in debentures or inscribed stock of the colony, to stand in the name of the Treasurer of the colony in trust for said company, but transferable only upon the joint consent of the Treasurer of the Colony and the said company, or upon the order of the Supreme Court or of a judge of said Court. This fund, together with the balance of the capital, "both paid and unpaid," and the other assets of the company, stand in lieu of special bonds in cases of administration. The amount of this deposit for the other companies varies from £5,000 to £20,000, according to the size of the company. The stockholders are subject to double liability.

The act provides for careful supervision and holds the company and its officials to strict accountability. It is "subject in all respects to the same control and liable to removal as private individuals" acting in similar capacities. Any person legally interested in an estate under the company's administration may through the Supreme Court compel an accounting. The Treasurer of Victoria may likewise compel the rendering of an account. The Supreme Court may at any time require an audit of any estate in the hands of the company, by an auditor appointed by said court. The following provision, similar to that already quoted from the general statutes, is significant: In every case where the company acts as administrator, trustee, receiver or committee, "The managing director, manager and directors shall be individually and collectively in their own proper persons responsible to the court, and shall in their own proper persons be liable by process of attachment commitment for contempt or by other process to all courts having jurisdiction in that behalf for the proper discharge of their duties and for obedience to the rules, orders and decrees of such courts in the same manner and to the same extent as if such managing director, manager and directors had personally obtained probate or letters of administration," etc. This does not, however, release the assets of the company from liability for pecuniary loss occasioned by imperfect or improper discharge or neglect of duty.

Moneys remaining unclaimed for a period of five years by the person entitled to same are to be paid by the company to the Receiver of Revenue in Melbourne, and by him be placed in "The testamentary and trust fund," which is invested in Government debentures or stock. The company is required to deliver to the Treasurer at the end of every six months a statement of all such unclaimed moneys; and for default in compliance with the provisions of this section is liable to a penalty not exceeding five pounds for every day while such default continues, "and every director and manager of the company who knowingly and wilfully authorizes or permits such default shall incur the like penalty." A similar penalty is imposed for failure to render the regular reports to the Government, which must be rendered according to a prescribed form on the first Monday in February and the first Monday in August every year.

Considering the limitations placed upon the companies, the supervision maintained over them, and the penalties to which the companies themselves and their officers individually are subject in case of violation of law, one is not surprised at the statement of a recent writer that "Not one of the fourteen trust companies has lost a single penny of its capital or of the money of its beneficiaries, or has ever been removed from trusteeship, or held liable for any neglect, wrong-doing, or breach of trust by any court in the Commonwealth during the whole time they have been in existence."

Reference to the table given above discloses the fact that in no case is the subscribed capital paid up, while in most cases the uncalled capital far exceeds the paid up capital. The total subscribed capital is £8,253,-555, the paid up capital £404,422, leaving the uncalled capital £2,849,-133. This is regarded as a very strong feature of the companies, the uncalled capital being looked upon as a great protection to the creditors. "It is almost unnecessary to point out that this (the uncalled capital) represents a very considerable security for the proper administration of estates, especially as the companies are generally very conservative with their share lists, refusing to accept as shareholders any who cannot satisfy them as to their financial soundness. There is generally a limit to the number of shares which may be held by each shareholder, this being 2,000 in the case of the Perpetual, and there is with most of the companies a provision that a large portion of the capital can only be called up in the event of liquidation, such portion being, therefore, practically earmarked as security to the trusts.[5]

The scales of charges for services varies somewhat with the different companies. Those of The Trustees, Executors and Agency Co., Ltd., which fairly represent the average, are as follows: For acting as executor, administrator, trustee under will, receiver and committee of estate under Lunacy Statute, 2½ per cent. on the capital value (gross) of the estate up to £50,000; 1½ per cent. on the amount from £50,000 to £100,-000; 1 per cent. on the amount over £100,000; 2½ per cent. on all income received; on transferred trusts, marriage and other settlements, not exceeding 5 per centum on income received, but charge subject to arrangement. Charge on corpus (capital), as above, on distribution.

5 C. E. Cowdery, of The Perpetual Trustee Co., Ltd., Sydney, in "Trust Companies" magazine, Vol. II, p. 676.

THE NEW ZEALAND PUBLIC TRUST OFFICE.

There are two trustee companies in New Zealand—The Perpetual Trustees' Estate & Agency Co., of New Zealand, Ltd., and The Trustees, Executors' and Agency Co., of New Zealand, Ltd., both located at Dunedin. They are small companies, having resources of about £28,000 each. The administration of estates in the island is mainly in the hands of The Public Trust Office, which, though not a trust company, is considered here because of its unique character and its evident interest to students of the trust company movement.

The Public Trust Office,[6] which is a department of the Government service, was constituted by "The Public Trust Office Act" of 1872, and its functions have been enlarged by succeeding acts. The office is administered by an officer of the Government, known as the Public Trustee. There is an advisory body, known as "The Public Trust Office Board," consisting of the Colonial Treasurer and two other members of the Ministry, with four other officials, of whom three form a quorum. The consent of this board is necessary before the Public Trustee can accept any appointment. The Public Trustee is forbidden to accept any appointment jointly with any other person.

Any person may appoint the Public Trustee a trustee, executor, administrator, guardian, committee, agent or attorney—subject, of course, to the consent of the Public Trustee—and the duties and rights of the latter are the same as if a private person had been appointed. Trustees may, with the consent of the court, appoint the Public Trustee sole trustee in their places, while executors and administrators are expressly authorized to appoint the Public Trustee sole executor or administrator. No vesting order is required, as all the property by virtue of the appointment, and without any conveyance or assignment thereof, becomes vested in the Public Trustee. Any testator may deposit his will in the Public Trust Office.

Upon the death intestate of any person domiciled or having property in New Zealand, the Public Trustee is entitled to administration as of right, and is not bound to give notice to any person who but for this provision would be entitled to the grant, though power is reserved for the court to make a grant to such person if it sees fit. Where an intestate estate is under £250 the Public Trustee can administer without even getting a grant, and where any person dies testate, and application for a grant is not made within three months, the Public Trustee can apply for and obtain a grant of letters of administration, unless the executor can satisfy the court that the delay has been unavoidable or accidental. In the matter of procedure, special privileges are allowed to the Public Trustee.

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6 For the information here given regarding The Public Trust Office, the writer is indebted to a paper on Trustee Companies read before The Law Society, Liverpool, by Robert C. Nesbitt, published by Spottiswoode & Co., London; and to Heaton; The Trust Company Idea, pp. 25-28.

The provisions for the disposition of the funds are of peculiar interest. A testator or settler may direct special investments for his moneys, in which case the directions are followed, at the risk, of course, of the estate. All other capital moneys, however arising, and whether directed to be invested or not (unless expressly forbidden to be invested) become one common fund, and are invested in certain securities defined in the act. From the income on this common fund interest is paid to the several estates at a rate to be determined from time to time by the Governor in Council, and is credited quarterly. The rate to be allowed is limited to 5 per cent. on amounts not exceeding £3,000, and on larger amounts must not exceed 5 per cent. on the first £3,000 and 4 per cent. on the excess over £3,000. The common fund is practically guaranteed by the state; if the fund is insufficient to meet the lawful claims thereon, the Colonial Treasurer shall pay such sums out of the consolidated fund as may be necessary to meet such deficiency.

"The charges for realization of any estate, whether of lunacy, intestacy, wills, or agency, are: Any sum up to £1,000, 5 per cent.; on the next £3,000, 3 per cent.; on the next £6,000, 2 per cent.; on all over £10,000, 1½ per cent.; provided that with respect to cash or balances at the bank, or money received under any policy of insurance, there shall be charged a percentage of only half the above." These are maximum charges, and may be and often are reduced under special circumstances. With regard to income, as soon as all the property has been realized and the money has been transferred to the common fund of the office, the income is as a matter of practice paid to the beneficiaries free of all office commission, though there is a provision for a charge not exceeding 5 per cent. upon such income. The office pays expenses and makes a small profit.

The office appears to be of the greatest benefit to the community in the handling of small intestate estates. By the Lunacy Act of 1882, the Public Trustee is authorized to undertake the administration of the estates of lunatics in every case where no committee may be appointed for the estate, and 90 per cent. of estates of lunatics in the asylums are administered by him.

According to the New Zealand Year Book, the total value of the estates in the hands of the Public Trustee in 1903 was as follows: Wills and trusts, £1,279,743; intestate estates, £197,368; real estates, £7,585; lunatic estates, £170,585; native reserves, £375,000; West Coast settlement reserves, £655,000; unclaimed lands, £21,504; making a total of £2,706,785. (The population of New Zealand is about 800,000.)

Canadian Trust Companies.[7]

The Canadian trust companies, as to their powers and limitations, occupy a position between those of the Australian trustee company and

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[7] For information regarding the Canadian trust companies, the writer is chiefly indebted to Heaton: The Trust Company Idea, pp. 15-20. See also "Trust Companies" magazine, Vol. II, pp. 111-114, article by Ernest Heaton; p. 115, article by William Harvey; Vol. III, pp. 321 and 325, sketches of individual companies.

the American trust company. While they differ somewhat among themselves, none of them exercise the wide powers of the latter, and none are so closely restricted as the trustee companies of Australia. Some of the charters under which the different companies act permit of rather wide powers; but in practice many of the powers have not been exercised, and the business of the companies is mainly confined to the duties of trustee, administrator, the management of estates and the investment of funds. They do not undertake a banking business. Until within very recent years they have not undertaken to do corporate trust work, such as receiving and allotting subscriptions for stock, acting as transfer agent, etc.; but a few companies are now doing that class of work. Some of the companies are closely associated with a loan company, and trust and loan companies appear under the same headings in the Government reports—as is the case in several states of the Union.

The number of separate companies now in existence is thirteen; but some of them operate important branches in other cities, so that for practical purposes the number may be considered nineteen. Of these, eight are in the Province of Ontario, four in Manitoba, three in Nova Scotia, two in Quebec, and one each in New Brunswick and British Columbia.

Ontario and New Brunswick have general laws affecting trust companies, but the laws are of incomplete character. The Ontario Trust Company Act (1897, Cap. 206) provides that the High Court may appoint a suitable person to investigate the affairs and management of a trust company, and the Lieutenant-Governor may appoint an inspector to examine the affairs of such company and report on the security afforded to those for whom its engagements are held.

Applications for trust company charters may be referred by the Lieutenant-Governor to the High Court of Justice for an opinion as to the necessity for incorporation of the company, having regard to the business to be done and companies already incorporated and doing business, and whether the public convenience and advantage would be promoted. If the opinion is unfavorable, the application shall not be proceeded with.

The New Brunswick statute (1902, Cap. 106) authorizes the appointment as trustee of a trust company which is approved by the Lieutenant-Governor. The company is subject to inspection at any time, and is required to deposit with the Receiver-General such sum of money or amount of securities as he may deem sufficient as security for the proper performance of its trusts within the province. The statutes of both provinces prohibit trust companies from issuing debentures, and authorize them to receive as deposits the sinking funds of municipalities and corporations.

The first trust company in the Dominion was the Toronto General Trusts Corporation, organized in 1882 under a special charter granted by the Government of Ontario; and this was for many years the only company in existence in Canada. It has a capital of $1,000,000 and a reserve of $300,000. The company confines itself chiefly to trustee business, though its charter grants wider powers. It does not receive deposits, nor underwrite securities. It transacts considerable business for the government of the provinces, invests court funds, and has full control and management of all lunatic estates in Ontario.

One of the newer companies is the Standard Trusts Company of Winnipeg, established in 1903, which has assets of somewhat over one million dollars. Its most successful line of work is in acting as executor and administrator of estates, and it invests its funds largely in loans on improved farms in Manitoba and the new provinces of Saskatchewan and Alberta.

Following is a list of the trust companies in Canada:

Imperial Trust Company of Canada, Toronto; National Trust Company, Toronto (branches at Montreal and Winnipeg); Toronto General Trusts Corporation, Toronto (branches at Ottawa and Winnipeg); Trusts and Guarantee Company, Toronto; Union Trust Company, Toronto; Canada Trust Company, London; London and Western Trusts Compay, London; Royal Trust Company, Montreal (branch at Winnipeg); Eastern Trust Company, Halifax, N. S. (branch at St. John, N. B.); Empire Trust Company, Halifax; Commercial Trust Company, Halifax; Standard Trusts Company, Winnipeg; British Columbia Trust Company, Vancouver.

Other Countries.

Outside of the United States, Australia and Canada there are no countries in which the trust company has made enough progress to be considered an established institution. Within the past ten years, however, beginnings have been made which indicate the probability that the trust company movement, in somewhat varying forms, will soon have a firm foothold in a number of foreign countries.

Prior to its admission as a territory of the United States, the trust company had been established in Hawaii, and there are now three such corporations in the Islands, all located at Honolulu—The Hawaiian Trust Company, organized in 1898; The First American Savings and Trust Company, and The Henry Waterhouse Trust Company. The trust functions exercised by these companies include all the ordinary trust powers, and the right "To transact as agents any other business or undertaking, trust, mercantile or otherwise, which may be necessary, useful or convenient to the main purpose of the corporation." They handle as general agents all kinds of insurance. They have not banking powers, the statute specifically prohibiting the transaction of both a general banking and a savings banking business.

There are trust companies operating in Porto Rico, devoted specially to developing the resources of the island. An American company has been formed, with headquarters at Pittsburg, to operate in the Philippines.

In Cuba a beginning was made by the establishment in January, 1906, of The Trust Company of Cuba, located at Havana. It has a paid-up capital of $500,000, and on December 31, 1906, had undivided profits of $31,510, and deposits of $166,216. It is closely patterned after the trust companies of the United States, maintaining banking, savings, trust and real estate departments. The laws do not permit the company to act as executor, but an executor may appoint it to act for him. There is a considerable field for the company in the management of property owned by parties who reside in Spain, a large amount of property in Havana being so held.

In Mexico there have been started several enterprises under the name of trust companies which were organized for speculative purposes by Americans, usually as branches of concerns in the United States, which have gone out of existence. Effort has been made to obtain general legislation providing for the organization of trust companies, but thus far without success. The only existing trust company incorporated under the laws of the Republic of Mexico is The Mexican Trust Company (Compania Fideicomisaria Mexicana) of Mexico City, which has a capital of $250,000 ($125,000 United States money), and which includes in its directorate a number of prominent Mexicans. The powers conferred by its charter are exceedingly wide, including the right to do a banking business, to perform all the ordinary trust functions, "To promote the incorporation of all kinds of companies in the form it may deem fit, and to deal in their stocks; to buy and sell securities of all kinds; to buy and sell mines and to work them on its own account; * * * to hold, acquire, transfer or lease concessions granted by the National Government for the exploitation of all kinds of natural products as well as for those which have an industrial object; * * * and in general all such business as the company's board of directors may determine." Plans are on foot for the establishment of other companies, presumably along the same lines.

In October, 1905, a company known as the Banco Fomento Industrial Americano was organized at Buenos Ayres, Argentine Republic, with an authorized capital of $5,000,000—of which at last advices, however, only a small part was paid up. The company numbers among its directors several of the prominent men of Buenos Ayres, which is a progressive city of over 1,100,000 people. It has as its avowed object "The development and enlargement of the established industries in the country or out of it and the introduction of new ones that it is thought advisable and opportune to establish and all the operations that the North American trust companies carry on." The powers granted are very wide, including some of a speculative nature, in addition to the more conservative powers of the trust company as we know it.

Japan entered into the field in 1902 by the establishment under Government auspices, after an official investigation of the trust companies of the United States, of The Industrial Bank of Japan, Ltd. (Nippon Kogyo Ginko). It had an authorized capital of 10,000,000 yen, which was increased to 17,500,000 yen in 1906, and of this at last advices 13,750,000 yen were paid up. The company is fostered by the Japanese Government, which guarantees dividends of 5 per cent. for the first five years. Some of the shares have been placed in England and in the United States, and the stock sells at a good premium. In its first year the company successfully floated in London an issue of 50,000,000 yen of national bonds, a task entrusted to it by the Government. The powers of the company have been considerably enlarged since its organization, and it now advertises its lines of business as follows:

1. Loans on the security of national or local loan bonds, or debentures and shares of companies.

2. Subscriptions for or taking over by transference, national or local loan bonds, or the debentures of companies.

3. General deposit and safe deposit business.

4. Business of a trust company.

5. Discounts of bills on security of national or local loan bonds, or debentures and shares of companies.

6. Loans on mortgage of railway, factory and mine.

7. Banking and attendant business in foreign countries.

The by-laws of the company define its trust business as follows: "Article 39. The trust business to be undertaken by this bank shall be in general as follows:

1. To be intrusted with the administration, settlement, etc., concerning money, securities, movable and immovable properties and other properties.

2. To deal in matters relating to public loans, and the loans and shares of companies; such as issuing bonds or debentures, paying principal, interest, profit, etc.

3. To deal in matters relating to mortgaging debentures or to giving guarantees on behalf of debtors."

England and Scotland.

Notwithstanding the fact that since the year 1886 repeated efforts have been made to establish the idea of the corporate trustee in Great Britain, the progress of the movement has been exceedingly slow. Two very formidable obstacles are yet to be overcome—the excessive conservatism of the people, which results in a decided lack of interest in the movement, and numerous legal restrictions which confine corporate undertakings of this kind within very narrow limits. Yet the shortcomings of the individual acting in fiduciary capacities are quite generally appreciated, and a number of plans designed to remedy the conditions have been proposed in Parliament. One of these was the Judicial Trustees Act of 1896, which after over ten years has failed to interest the public and does not solve the problem. More recently, bills have been introduced looking to the establishment of a Public Trustee Office, similar to that of New Zealand.

On the whole, however, the trust company movement in Great Britain is making progress, at least seven corporations being at present engaged in trying to build up this kind of business. Of these the earliest was The Public Trustee, Limited, of Edinburg, which was established in 1886. This company is strictly limited to the undertaking of trusts, and is the only one in Scotland or England that is so limited. In 1887 was established the Trustees, Executors and Securities Insurance Corporation, Ltd., and in 1888 the Law Guarantee and Trust Society, Ltd., both located in London. The latter has some eight or ten branches scattered over England and Scotland, maintains a trust department, writes fidelity insurance and guarantees the payment of debentures and mortgages.

The insurance companies have begun to give their attention to the possibilities of the trust business, the Ocean Accident and Guarantee Corporation of London having taken on trust powers in the early nineties, while more recently the Royal Exchange Assurance Company of Liverpool, the Commercial Union Assurance Company of London, and some others, have entered the field. There is evidence, too, that the banks may undertake the transaction of formal trust business, The Union of London and Smith's having already done so.

European Countries.

The trust company idea cannot be said to have gained a foothold as yet in any company in continental Europe. The nearest approach to it is in Germany, where there are some companies of very recent origin which undertake certain trust company functions with regard to the handling of corporations. These have been organized by several of the large banking interests as auxiliary institutions. The first, and for some time the only one of these, The Deutsche Treuhand Gesellschaft of Berlin, was organized in 1890 by the Deutsche Bank and the banking-house of Jacob Stern at Frankfort-on-Main. Its business consists chiefly of corporate trust work—the formation and reorganization of joint-stock companies, dealing in their shares, acting as agent for the redemption of dividend warrants, transfer agents, etc.

The mortgage banks of Germany and Austria, the Credit Foncier, Credit Lyonnais and other companies in France, and similar institutions in some other European countries, perform functions analogous to the lending and savings banking operations of the American trust company;[8] but these are not peculiarly trust functions, and the institutions named do not partake of the distinctive features of the trust company.

(Concluded.)

The articles contributed by Mr. Herrick to The Bankers' Magazine on the Organization and Management of Trust Companies will be published shortly in book form by the The Bankers' Publishing Company.

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8 See Proceedings Trust Company Section, A. B. A. 1896-1903, pp. 243-253, article by Charles F. Phillips on "The Business in Foreign Countries Analogous to That of Trust Companies in the United States."

BILLS OF LADING IN CANADA.

BY H. M. P. ECKARDT.

STRICTLY speaking, there is no "Bills of Lading Question," as between the banks and the railroads, in Canada. For purposes of obtaining credit with the banks, a railroad bill of lading for a car of wheat is practically equal to an elevator receipt—indeed, it is superior to the receipts issued by some elevators.

It has more than once been pointed out that the banks in Canada find great assistance in their work of financing the crops out of the use which they make of bills of exchange. As these bills of exchange owe their virtue, in most instances at first, to the bills of lading that accompany them, it will perhaps be interesting to United States bankers if a more particular description of this part of the crop-financing is given.

As soon as the western farmer has got his wheat harvested and threshed, he can choose from a number of different methods of raising cash upon it. He can haul it to the local market and sell it. He can load it straight into the railroad cars and ship it to the terminal elevators at Fort William, Port Arthur, or Duluth; and when he gets his bills of lading he can either sell the grain or borrow on it at the bank. He can store it in a local elevator, and borrow on the warehouse receipt or the tickets he gets. Or, if his credit is good, he can store it in his own granary and borrow on the strength of his general credit with the understanding that the grain be held strictly against his loans.

In practice it is found that each one of the above methods is selected by quite a number of farmers. The banking operations necessary in each case are: First, when the grain is brought to the local market and sold it will be bought by one or other of the following: a local miller, an agent of one or other of the two big milling companies, Ogilvies or Lake of the Woods, an agent of a Winnipeg exporting firm, or a local dealer. If the local miller buys it, the bank advances the money against his warehouse receipts, which are followed by drafts on the miller's customers in various parts of the country, with bills of lading for flour attached, as he grinds the stuff up. If one of the big milling companies is the purchaser, its agent pays the farmers out of funds remitted every day by the Winnipeg bankers of the company. He ships the stuff, as fast as he can get cars, to his company's big milling centres. The company's bank in Winnipeg, of course, is advancing all the time on the company's warehouse receipts. Its loans, on these, get very large as the elevators and warehouses fill up. They are paid off by the company's drafts on its customers in all parts of Canada, in Australia, South Africa, the Orient, and Europe—bills of lading or shipping bills for flour being attached to the drafts.

If a Winnipeg exporting house buys, its local agent also pays for the grain with funds remitted by the Winnipeg bankers of his company. The same process is followed as regards the Winnipeg bank's loans to the exporter, the only difference being that a larger part of the advance will be covered by independent warehouse receipts—of the terminal elevators at lake ports. Then there is a difference in the manner of repayment of the loans. The exporter will ship the stuff out from the lake ports, in lots of from 30,000 to 200,000 bushels, to Buffalo for export via New York, or to some Canadian port for export via Montreal. He hands the bank his draft on a New York firm in the one case and on a Montreal firm in the other, lake bills of lading and marine insurance papers being attached in all cases. Thus, if the shipment goes to Buffalo, the responsibility of financing it is thrown on the New York market as soon as the draft is presented and paid, which will likely be as soon as the documents attached are seen to be regular and formal. And if the shipment is to Montreal, the burden of carrying the transaction will rest on the Canadian banks till the grain is on an ocean vessel and ocean bills of lading and insurance issued against it. Then the sterling or other foreign bill of exchange is drawn and negotiated with a Montreal bank. The Montreal institution may send the bill to New York for sale in the exchange market, or it may remit it for credit to its London bankers. In the latter event it can, whenever it chooses, sell its own exchange or draft on London in New York. It will probably be guided in the matter of time of doing so by the measure of its own need for funds, and by the profit it can win by at once getting its money and repeating the operation. Generally it is more profitable to sell the exchange in New York as soon as it is available, because selling the exchange practically means getting it discounted at Bank of England rate. And under ordinary circumstances the banks can earn greater than the Bank of England rate with the money they get.

Lastly, if a local dealer buys the farmer's grain, he does so on advances made by the local bank branch on the security of bills of lading lodged by him. He ships his stuff to the lake ports as quickly as he can get cars. His operations are not usually on an extensive scale and he usually sells to one or other of the milling companies or to the Winnipeg exporting houses. His is a somewhat difficult position. He is forced to compete with the big firms in buying and quite often has to look to them for his market. It is small wonder that the local dealer has disappeared from many grain towns. His drafts on the Winnipeg exporters are, of course, accompanied by bills of lading.

Next, suppose the farmer loads his wheat into the cars and ships it to, say, Fort William, where most of the Dominion's western wheat is carried. He will get from the railroad company bills of lading for a round number of bushels. Suppose his grain filled two cars, each with one thousand bushels' capacity, he would get two bills of lading, each for one thousand bushels.

Armed with these, he goes to the manager of the local branch bank. The documents he carries will be given instant respectful consideration, even if his own credit is not high. All the bank wants to assure itself about is whether the bills are genuine or not. In all probability the railroad station agent's signature will be familiar to the manager, or the farmer himself will be known. In seasons when there is frosted or damaged wheat in the country caution has to be exercised to guard against that. The market price for one-hard, wheat being 80 cents, the farmer will have no trouble in getting a loan of 50 to 60 cents from the bank. Suppose he does so. The bills of lading are lodged as security. The first thing that happens is the inspection of the wheat by the Government inspector at Winnipeg. This is done on its way through that city. The official grade is now established. The inspector sends to the consignee of the car a slip with his signature stating that the grade of grain in cars numbered so and so is one-hard, one-northern, two-northern, or whatever it may be. This slip comes to the bank, either direct from the grain inspector, or through the farmer who shipped the stuff. The next event will be the receipt of the "out-turn." When the cars arrive at Fort William the contents are taken into one of the Canadian Pacific elevators there, and official documents issued stating the amount of the deduction for cleaning, the exact quantity of wheat for which the railway company will be responsible and the amount of the freight charges recorded against each car. On this "out-turn" being received, the bank's set of documents is complete. The bill of lading, being payable to order, carries, according to Canadian law and practice, the absolute title to the quantity and grade of wheat specified by the "out-turn" and inspection certificate subject only to the storage and freight charges. The set of papers is "good delivery" on the Winnipeg grain exchange, and any dealer there will pay the market price on receiving them properly endorsed.

In this case, when he decides to sell, the farmer may get quotations from any Winnipeg dealer or firm. He is more independent of any combination that might be formed by the buyers on his local market to keep prices down. If he sells to Winnipeg, he draws, of course, on the Winnipeg purchaser, the omnipresent bill of lading being attached to the draft along with the omnipresent instructions, "Documents attached to be delivered on payment only."

If the farmer stores the grain in a local elevator or in his own granary and borrows, the effect is merely to postpone one or other of the operations just described. When the time comes to sell he then follows one or other of these methods.

The part played in all this by the bill of lading is very important. Whoever has that in possession has the title to the grain. Neither the banks nor others who hold it ever feel the slightest uneasiness. If the railway company wrongfully delivers stuff consigned to order to any party without presentment of the bill of lading properly endorsed, the rightful owner of the bill of lading can readily force it to deliver the goods specified therein a second time to his order. The result is that everybody handles the bills of lading with confidence. Shippers have no trouble or difficulty in getting advances on them, and banks do not hesitate to put large amounts of their funds out on them as security. General trade and the financing of the crops are thereby greatly facilitated.

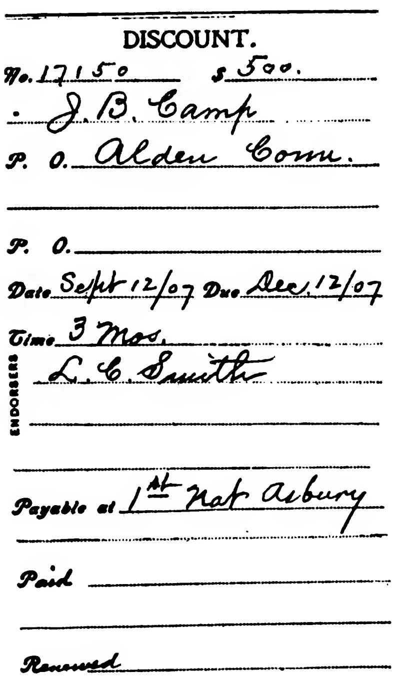
Besides being thus readily available for credit with banks everywhere in the Dominion, the Canadian bills of lading are of great value to shippers of such commodities as grain, regarded as being practically cash, in permitting them to sell more freely to parties of whose financial responsibility they are not exactly sure. When they deposit with their bankers a draft with bills of lading attached and give the bankers instructions to "surrender documents attached on payment only," they can rest assured that the drawee cannot get possession of the goods till he has paid the draft.

PRACTICAL BANKING

A CONVENIENT METHOD FOR KEEPING TRACK OF NOTES.

BY A. R. BARRETT, C. P. A.

IT often occurs, especially in the country districts where many people keep very incomplete records, particularly with regard to the giving of notes, that a man will come to the bank and a conversation something like the following will take place between him and an officer or employee of the bank: "I think there is a note of mine here for $500. I would like to know when it will be due." If he is a stranger, of course his name is enquired. Then begins a troublesome search, the only sure data given by the person present, supposed to be the maker, being the amount. If the bank keeps a liability ledger in which all the discounts are posted, it will be comparatively easy to locate the item and obtain the information desired. But very few small banks keep this book, consequently resort must be had to the tickler or discount register, examining item after item for many pages. This slow process does not look well to the customer, who thinks that a bank should be able to answer all questions regarding their business promptly.


DISCOUNT.
No. 17150 $500.
J. B. Camp
P. O. Alden Conn.
P. O.
Date Sept 12/07 Due Dec. 12/07
Time 3 Mos.
ENDORSERS L. C. Smith
Payable at 1st Nat Asbury
Paid
Renewed

A very convenient method is in use in some sections of our country which enables one to refer to all records regarding the discounts without delay. This is somewhat in the nature of a card index, as shown by the accompanying figure.

These cards are about 3½ inches wide by 5 inches long.

When the discounted paper has been entered in the discount register a card is filled out for each note. These cards are then filed in a drawer alphabetically. It is easy to see, therefore, that with the name of a maker of a note any piece of paper and the complete records regarding it can be found instantly.

There is still another feature.

At the beginning of each day the discount clerk gets out the notes due that day as shown by the tickler, he also gets out the cards for these notes. When a note is paid or renewed, he stamps or writes the date of payment or renewal in its proper place on the card, and the card then becomes the voucher or credit ticket from which the general bookkeeper makes his entry.

If a partial payment is received by the bank the amount so received is noted on the card opposite the word "Paid" and the pen drawn through the amount of the note at the top of the card.

Where the full amount of the note is paid or renewed, after all the entries have been made the card is filed in what is called the dead file.

Where a partial payment is made, and the note retained, the card is replaced in the live file.

GOVERNMENTS FINANCIAL POLICY CRITICIZED.

ON December 23 Hon. Charles N. Fowler gave to the press a statement strongly criticizing the Government for issuing $50,000,000 of Panama bonds and $100,000,000 of certificates of indebtedness. He declared that the Government did not need to borrow this money, since it had $240,000,000 to its credit, and that such an increase of the debt was in violation of the intent and purpose of the law. He also pointed out that the increase of the public debt would permit of a permanent addition to the bank note currency, which would result in expelling gold later on. In concluding, he said:

"Let it be laid down as a fundamental principle that we shall never have a currency rising and falling with the varying conditions of business until it is based upon and directly related to the consumable commodities of our country, going out with production and coming in with consumption, precisely as do checks and drafts. Such a currency is distinctly a currency of the people, being based upon the products of their labor, and they have the right to demand it because this current credit which they would use should be as inexpensive as the credit of the rich, which is subject to check; and the laboring masses, the manufacturers and the merchants of this country have the right not only to demand these current credits but they have the right also to demand that the banks of the country shall maintain them upon a gold basis by currently redeeming them in gold coin."

THE THEORETICAL VS. THE PRACTICAL.

THE Sphinx was propounding a poser.

"Why does the man who knows a better currency system always want to borrow a fiver?"

Once more the ancients were compelled to acknowledge themselves gravelled.—*New York Sun.*

THE PRESIDENT'S MESSAGE.

CURRENCY reform receives but scant attention in President Roosevelt's annual message to Congress. An emergency issue is favored, and the indications now are that the Administration programme is to introduce a bill providing for an emergency circulation, to be issued either by the banks or the clearing-houses, and based upon bonds and other securities, the notes to be heavily taxed. There does not appear to be in Administration circles the slightest perception of the evils of a bond-secured circulation or of the present policy of the Treasury in intermeddling in the money market.

By substituting other bonds for the Government bonds now required as security for bank-notes, we shall still more closely tie the banking system of the country to fixed investments, and get farther away from commercial paper.

Here is what the President has to say on the currency:

"I again urge on the Congress the need of immediate attention to this matter. We need a greater elasticity in our currency, provided, of course, that we recognize the even greater need of a safe and secure currency. There must always be the most rigid examination by the national authorities. Provision should be made for an emergency currency. The emergency issue should, of course, be made with an effective guarantee and upon conditions carefully prescribed by the Government. Such emergency issue must be based on adequate securities approved by the Government and must be issued under a heavy tax. This would permit currency being issued when the demand for it was urgent, while securing its retirement as the demand fell off. It is worth investigating to determine whether officers and directors of national banks should ever be allowed to loan to themselves. Trust companies should be subject to the same supervision as banks; legislation to this effect should be enacted for the District of Columbia and the territories.

"Yet we must always remember that even the wisest legislation on the subject can only accomplish a certain amount. No legislation can by any possibility guarantee the business community against the result of speculative folly any more than it can guarantee an individual against the results of his extravagance. When an individual mortgages his house to buy an automobile he invites disaster; and when wealthy men, or men who pose as such, or are unscrupulously or foolishly eager to become such, indulge in reckless speculation—especially if it is accompanied by dishonesty—they jeopardize not only their own future but the future of all their innocent fellow citizens, for they expose the whole business community to panic and distress."

The President favors an income tax and a tax on inheritances. Regarding the anti-trust law, he says:

"The anti-trust law should not be repealed, but it should be made both more efficient and more in harmony with actual conditions. It should be so amended as to forbid only the kind of combination which does harm to the general public, such amendment to be accompanied by or to be an incident of a grant of supervisory power to the Government over these big concerns engaged in interstate business. This should be accompanied by provision for the compulsory publication of accounts and the subjection of books and papers to the inspection of the Government officials. A beginning has already been made for such supervision by the establishment of the bureau of corporations.

"The anti-trust law should not prohibit combinations that do no injustice to the public, still less those the existence of which is on the whole of benefit to the public."

DISPOSITION OF RAILWAY INCOME.

THE "Wall Street Journal" says:

"The three main claimants upon the revenues of the railroads of the United States are labor, capital and government. According to the latest available statistics, the expenditures for these three sharers in the form of wages, dividends and taxes, averaged $1,391,000,000 yearly for the latest five years. Of this total the employees of the railroads, including officers and all kinds of labor, received 57.3 per cent. For dividends and interest paid to capital the average disbursements were 38 per cent., and the bill of the tax collector for all political divisions was 4.7 per cent. The table below given in millions of dollars exhibits the totals for each of these lines of expenditure between 1902 and 1906, inclusive, as reported by the Interstate Commerce Commission:

(Millions of dollars.)

Years.	Wages.	Int. & Div.	Taxes.	Total.
1906	$901	$595	$75	$1,571
1905	840	560	63	1,463
1904	818	533	62	1,433
1903	757	490	58	1,295
1902	676	468	53	1,197
Average	$798	$529	$62	$1,391
Per cent.	57.3	38.0	4.7	100
Per cent. inc. 1902-05	33.0	27.0	41.0	....

The total represented in the above figures forms somewhat more than two-thirds of the gross earnings of our railroads. The other third not represented is held in the form of working capital, of surplus and other undistributed resources. The annual disbursements of the two-thirds here under discussion comprise a series of financial operations of the most intimate relation to the communities concerned. The wage payment or earnings of employees in 1906 was $901,000,000, having increased $225,000,000, or over 33 per cent., since 1902; while dividends and interest, or the share which capital gets, increased 27 per cent., and the share of taxes 41 per cent. This number of employees of railroads has increased during this period from 1,189,315 to 1,521,355 persons, or nearly a third. The total amount of disbursements to the credit of labor has kept pace with the gain in numbers. The rewards to capital have gained somewhat less, while the amount of taxes has increased more rapidly than either of the other participants."

IMPORTANT LEGAL DECISIONS OF INTEREST TO BANKERS.

All the latest decisions affecting bankers rendered by the United States courts and State courts of last resort will be found in the MAGAZINE'S Law Department as early as obtainable.

Attention is also directed to the "Replies to Law and Banking Questions," included in this Department.

NEGOTIABLE INSTRUMENTS LAW—WHO ARE INDORSERS —DISCHARGE OF INDORSERS—WAIVER OF PRESENTMENT AND NOTICE.

DEAHY VS. CHOQUET.

Supreme Court of Rhode Island, June 26, 1907.

Under the Negotiable Instruments Law of Rhode Island, persons who placed their signatures on the back of a note before delivery, for the accommodation of the maker, were indorsers, and could not be held as joint makers on the ground that the holder would not have taken the note without their signatures, and under one section were discharged by failure to give notice of dishonor, unless waived.

Where the holder of a note agreed with the maker not to press a suit commenced thereon, while certain monthly payments should continue to be made, the indorsers on the note were discharged under a provision of the law that a person secondarily liable is discharged by any agreement binding on the holder to extend the time of payment, or to postpone the holder's right to enforce the instrument, unless made with the assent of the person secondarily liable, or unless the right of recourse against such person is expressly reserved.

DOUGLAS, *C. J.:* A few days before June 5, 1901, the defendant Choquet, being desirous of borrowing some money, called, with defendant Carroll, upon the plaintiff, and asked him for a loan upon a proposed note. The plaintiff offered to lend the money if the note should be indorsed by reliable persons. On June 5th Choquet, accompanied by Carroll, called again and offered to the plaintiff a promissory note in the words and figures following:

"$1,800 00-100. Pawt., R. I., May 29, 1901.

"Three months after date I promise to pay to the order of Joseph H. Beland eighteen hundred 00-100 dollars at the Ind. Trust Co. Pawt. Branch. Value received. Ambrose Choquet."

Upon the back of the note were the signatures: "J. H. Beland, Hugh J. Carroll, Hugh J. McGinn." The plaintiff examined the note and approved it, whereupon Carroll wrote at the bottom, after the printed word "Due," the words and figures: "Sept. 5, '01. Money advanced June 5, '01"—and the plaintiff took the note and gave to Choquet his check for $1,737, deducting from the face of the note $63 for three months' interest. No presentation of the note was made at the bank, either three months from its date or three months from June 5th. No notice of dishonor was ever given to the parties whose names are upon the back of the note.

This action was begun by a writ of attachment dated January 7, 1904, which was served January 25 by attachment of real estate of defendant Carroll and personal property of defendant Choquet, and by summons of defendants Beland and McGinn. All the defendants answered, and, certain special pleas having been overruled on demurrer, trial upon the general issue was begun December 5, 1906, and ended December 7 by a verdict, by direction of the court, against the defendant Choquet and in favor of the other defendants. The verdict in favor of the defendants Beland, Carroll and McGinn was directed on the ground that they were indorsers and released from liability by failure of the holder to make due presentment for payment of the note and to give them notice of the dishonor, as well as on the ground that the agreement referred to was an extension of time given to the maker within the meaning of section 128, subd. 6, Neg. Inst. Act. (Pub. Laws 1896-1900, p. 106, c. 674).

1. We think the direction should be sustained. Article 1, Sec. 3, of the Negotiable Instruments Act (chapter 674, Pub. Laws), provides that: "The person 'primarily' liable on an instrument is the person who by the terms of the instrument is absolutely required to pay the same. All other parties are 'secondarily' liable." Article 6, section 71, of the same act provides that: "A person placing his signature upon an instrument otherwise than as maker, drawer, or acceptor is deemed to be an indorser unless he clearly indicates by appropriate words his intention to be bound in some other capacity." The defendants named come within the plain language of these sections, and there is no evidence that they made any agreement to vary their liability. They all affixed their names to the note, before delivery, for the accommodation of Choquet, to whom the plaintiff directly paid the money for it, knowing that they were such accommodation indorsers. As such they were entitled to notice of the dishonor of the note by sections 97 and 111 of article 8, c. 674, which they never received.

It is urged, however, by the plaintiff, that all these defendants became liable to him as joint makers, because he would not have taken the note if their names had not been upon it, and, in regard to defendant Carroll, that there was an express waiver by him of presentment and notice. The claim that the indorsers are liable as makers, because the plaintiff required good indorsers before he would discount the note, is the height of absurdity. If it were valid, every indorser whose name was of any value would be held as a maker. The principle which the plaintiff mistakes as applicable to this case is well stated in the case which he cites. (Equitable Marine Insurance Co. vs. Adams, 173 Mass. 436, 53 N. E. 883.) In that case the company assented to the assignment of a policy of insurance on condition that the assignee should indorse the premium note, which, of course, had been made and delivered at the time the policy was issued. The court held that Pub. St. Mass. 1882, c. 77, sec. 15: "Every person becoming a party to a promissory note payable on time, by a signature in blank on the back thereof, shall be entitled to notice of non-payment the same as an indorser"—does not refer to a collateral contract made subsequent to the issuing of a note and upon an independent consideration, even if it happens to be indorsed upon the note, instead of being written upon a separate piece of paper.

The case of Downey vs. O'Keefe, 26 R. I. 571, 58 Atl. 999, holds the familiar doctrine, which prevailed in Rhode Island until the operation of the Negotiable Instruments Act, that one not the payee of a note, who indorses it or agrees to indorse it before its issue, is liable as a joint maker. Moies vs. Bird, 11 Mass. 436, 6 Am. Dec. 179, and Leonard v. Wildes, 36 Me. 265, are to the same effect. This doctrine has no validity since the passage of section 71 of the Negotiable Instruments Act.

In the case at bar the note was issued when the plaintiff paid the maker a consideration for it, and there is no evidence of any consideration being paid to the indorsers, or of any agreement with them other than that expressed by their signatures upon the note. By indorsing the note they assumed the obligation of successive indorsers, to become effectual when it came into the hands of a holder for value. This obligation was released by failure to make presentment and to give notice of dishonor, and the plaintiff has no claim upon them, unless they have waived their rights as indorsers. There is no claim that Beland and McGinn ever did so, and the verdict in their favor must stand. In the case of Carroll the plaintiff testified that in the last week in August, 1901, he called upon Carroll and the following conversation occurred: "Q. What was said? A. He seemed to be surprised. I said: 'By the way, I have not put that in the bank yet.' He says: 'That is all right. You don't need to. As long as you keep the note, the note is all right; the names are all right.' Q. Did he give any reason why it was not necessary to put it in the bank? A. He said, if I sold the note, then he would have to put it in; but it was not necessary as long as I was the original holder." Carroll denied that this conversation ever occurred, or that he had any conversation with the plaintiff after the making of the note till more than a year had elapsed. We think, if the conversation did occur at the time when the plaintiff places it, that it amounted to a waiver on Carroll's part of presentment and notice, and hence that on that question of fact the plaintiff was entitled to go to the jury.

2. But it is necessary to consider another independent ground of defense, which arises from these circumstances: Before the return day of the writ the plaintiff became a party to the following agreement:

"Agreement made and entered into this 8th day of February, A. D. 1904, by and between David P. Deahy, of the city of Pawtucket, and Ambrose Choquet of Central Falls, in the county of Providence: Whereas, said Deahy has begun suit against said Choquet and others in the common pleas division of the Supreme Court in the county of Providence to recover the amount due upon a certain promissory note for eighteen hundred dollars, dated May 29, 1901, signed by said Ambrose Choquet and payable to the order of Joseph H. Beland three months after the date thereof, and which said note was indorsed by said Joseph H. Beland, Hugh J. Carroll, and Hugh J. McGinn, which said suit is returnable to said court February 20, 1904; and whereas, the plaintiff has attached upon the original writ in said suit certain linotype machines belonging to said Ambrose Choquet and being run and operated at the shop of Lester W. Upham and George H. Burroughs, co-partners as the Chronicle Printing Company, under a certain agreement with said Choquet; and whereas said David P. Deahy has agreed to withdraw said attachment upon said machines upon promise of the payment of the lawful costs in said suit to date, and upon payment to him of the sum of at least fifteen dollars per month from any sum of money which may become due and payable to said Ambrose Choquet by said Chronicle Printing Company between the 20th and the last day of each month succeeding the date hereof, the same to be applied by said Deahy toward the payment of said note, interest, and costs: Now witnesseth, said Choquet agrees to authorize the payment to said Deahy of at least fifteen dollars per month and any sum over that amount due and payable to him monthly from said Chronicle Printing Company, as aforesaid, the same to be applied toward the payment of the amount due upon said note, interest, and costs of said attachment to this date; and said Deahy agrees, in consideration of the premises, to withdraw and discharge said attachment, and also agrees not to press said suit against said Choquet while such payments shall be made and assured to him monthly as above specified. In witness whereof said parties have set their hands to this agreement in triplicate the year and day first above written.

David P. Deahy,
Ambrose Choquet.

Executed in the presence of
Patrick V. McElroy.

"We, Lester W. Upham and George H. Burroughs, co-partners doing business under the name and style of the Chronicle Printing Company in said Pawtucket, hereby consent to pay over monthly to said David P. Deahy the sum of fifteen dollars, or such balance which may become due and payable by us to said Choquet for linotype work performed for us, after, however, deducting from the same sum of money which we may and might advance to said Choquet to help him to run said linotype machines. Pawtucket, R. I., February, A. D. 1904.

CHRONICLE PRINTING COMPANY.
LESTER W. UPHAM.
GEORGE H. BURROUGHS."

The undertaking of the Chronicle Printing Company, though differing slightly from the promise of Choquet, was accepted by the plaintiff, and the attachment of the personal property of Choquet was immediately released. Payments were made under said agreement from that time to nearly the time of trial, and were received by the plaintiff as installments due under the agreement. The plaintiff excepted to the admission of this agreement in evidence under the general issue, and to the direction of the verdict in favor of defendants Beland, Carroll, and McGinn. This matter of defense was first offered by special plea, and excluded on demurrer; but the defendant's exception to that ruling is not before us. In assumpsit the rule has grown up that it is improper to plead specially such matters as discharge, payment, and the like, as much defenses amount to the general issue. If the transaction was in law a discharge of the three defendants who pleaded it, they were entitled to present it in one form or the other.

It is argued on behalf of the defendants that the discharge of the attachment was a discharge of the indorsers from further liability. While there is eminent authority for such a contention, the contrary is held in all the New England states. We do not find it necessary to discuss the question, inasmuch as we find the next point conclusive. It is that the agreement gave an extension of time to Choquet, under the provisions of the negotiable instruments act (section 128, subd. 6): "A person secondarily liable on the instrument is discharged: * * * (6) By any agreement binding upon the holder to extend the time of payment or to postpone the holder's right to enforce the instrument unless made with the assent of the party secondarily liable, or unless the right of recourse against said party is expressly reserved." We agree with the superior court that the promise not to press the suit on the note against Choquet was a postponement of the holder's right to enforce the instrument within the meaning of the law, and so discharged the defendant Carroll, who was the only one then bound in any case.

The plaintiff's exceptions are overruled, and the case is remanded to the superior court for judgment on the verdict.

NOTE— INDORSEMENT— SUFFICIENCY— FORM— FAILURE OF CONSIDERATION—BURDEN OF PROOF.

SHEFFIELD, ET AL., VS. JOHNSON COUNTY SAVINGS BANK.

Court of Appeals of Georgia, June 26, 1907.

To the formal indorsement of a negotiable instrument, writing and signature are necessary; but no particular form of signature is required, any form adopted as such being sufficient.

A written indorsement on a note, bearing only the corporate name of the payee, as the signature, not accompanied by the name of the agent who affixed it; suffices to prove a transfer to the transferee of the instrument, unless the indorsement is specifically denied on oath.

Mere failure of consideration does not throw upon the plaintiff in an action on a note the burden of proving that he is a bona-fide holder for value.

POWELL, *J.:* The plaintiff sued upon a negotiable promissory note made by the defendants' intestate, payable to the New England Jewelry Company. Upon the back of the note was an indorsement as follows: "March 2, 1903. For value received, we hereby sell and assign the within note to the Johnson County Savings Bank. New England Jewelry Co." The defendant pleaded, and attempted to prove, that the consideration of the note was jewelry, alleged to be good serviceable gold-plated and gold-filled jewelry, sold by the New England Jewelry Company to the defendants' intestate, whereas a lot of brass jewelry was delivered, worth only about one-fourth as much as the jewelry contracted for. There was no evidence of the circumstances under which the plaintiff's title to the note was acquired, except the written transfer set forth above. The court excluded the testimony offered by the defendants, showing that the jewelry was brass and worth only a small amount, and directed a verdict for the plaintiff.

The plaintiffs in error concede that, if the plaintiff in the court below is to be conclusively considered as a bona fide holder for value, their defense was not available to defeat a recovery. They contend, however, that the indorsement on the note was prima facie insufficient; that the name New England Jewelry Company connotes a corporation; that a corporation can act only through an agent; that when no corporate seal is attached there is no presumption that the signature is genuine. It is true that the signature, not purporting to be made by any particular agent authorized to act for the corporation and not being accompanied by the corporate seal, does not import its own authenticity; but the defendant, by not denying the indorsement under oath, conclusively admits its genuineness.

When a plaintiff introduces in evidence a negotiable promissory note duly assigned to him before maturity, the presumption immediately arises that he is a bona fide holder for value and is entitled to protection against equities and defenses which the maker might have against the original payee. At common law, if the defendant showed by his proof that the note was procured by fraud or duress, or that it was founded upon an illegal consideration or an original total lack of consideration, the burden was shifted to the plaintiff to show that he did in fact receive the note in ordinary course of trade, in good faith, for value, and without notice of the defenses; and this seems to be the rule recognized in most of the American states, and possibly in Georgia. But "mere evidence of failure of consideration or partial failure of consideration is not sufficient to throw upon the holder the burden of proving that he obtained the paper in good faith." 8 Cyc. 239. The defendant's plea and a tendered proof alleged and showed only a partial failure of consideration.

The note was payable in five equal installments, due seriatim on the 20th day of the following months: January, April, July, and October, 1903, and January, 1904. It contained the following provision: "Any installment past due to draw 6 per cent. interest per annum. If not paid within ten days after due, the whole note to become due on the option of holder." The first installment appears to have been paid. Otherwise the plaintiff would have fallen within the purview of the latter portion of Civ. Code 1895, s. 3695. The court directed a verdict for the aggregate principal of the four other installments, "with interest on that amount at 6 per cent. per annum from April 20, 1903." In this direction as to interest we find error. The installments bore no interest until after the maturity of each. The plaintiff had the option to declare the whole note due for a default in the payment of any installment; but it was not obliged to do so. The entire note did not *ipso facto* become due when the first installment became past due. It required affirmative action on the part of the holder to effectuate this result. The holder of the note might have preferred to retain it as a contract maturing in installments, with the privilege of suing each installment in a justice's court, rather than to convert it into a single demand above justice's court jurisdiction. We cite this as one of a number of possible considerations why the law will not presume the exercise of the option on the plaintiff's part. We are not prepared to say that the plaintiff could hasten the maturity of the notes, even by an exercise of the option, so as to make his entire demand bear interest from that date, though as to this we are not called upon for a decision at present. The court having directed a verdict for too large a sum, a reversal results. (Kelly vs. Strouse, 116 Ga. 874.)

Judgment reversed.

DEPOSITS—RELATION BETWEEN BANK AND DEPOSITORS —PAYMENT OF CHECK BY INSOLVENT BANK—LIABILITY OF DEPOSITOR.

MC GREGOR VS. BATTLE.

Supreme Court of Georgia, July 10, 1907.

Upon the deposit of money in a bank, the title to it passes to the bank, and the credit of the bank is substituted for the money.

If an insolvent bank is still conducting business and pays a check of a depositor, in the usual course of business, and the depositor has no notice of the insolvency of the bank, the payment is valid, and the depositor will be protected. However, if the depositor has knowledge of the insolvency and the check is not paid to the depositor in due course of business, but the bank intends to give him a preference over other creditors, the payment is not good and the depositor is liable to the bank for the differance between the amount received by him and his pro rata share of the assets of the bank upon a final winding up of its affairs.

McGregor, as receiver of the Bank of Warrenton, brought suit against Battle, alleging that on February 17, 1902, and prior thereto, and especially on February 14th the bank was insolvent or in contemplation of insolvency, and while so insolvent the bank, in collusion with the defendant, delivered to him, and he took therefrom, the sum of $7,000 in cash, which amount was received by him under the following circumstances: On February 11 he became a stockholder in the bank, having purchased 70 shares of its capital stock of the par value of $100, and certificates of stock were duly issued and delivered to him. On February 13, in collusion with Allen, who was his brother-in-law and president of the bank, defendant delivered to Allen the 70 shares of stock, and Allen directed the cashier to pay to defendant $7,000 of the cash of the bank, or to place the same to the credit of the defendant as a depositor, and on February 14 the defendant, with a full knowledge of the insolvency of the bank, drew said $7,000 in cash therefrom. The purpose of Allen was to give the defendant a preference over the other creditors of the bank; the liabilities of the bank being at that time $60,000, while its assets did not exceed $10,000. At that time the bank was absolutely insolvent and known to be so by the defendant. Some of the depositors made inquiries with a view to withdrawing their deposits, when the defendant, in collusion with Allen, made a public display of the $7,000 for the purpose of deceiving them, and they, being so deceived, allowed their deposits to remain in the bank.

The assets in the hands of the plaintiff, as receiver, are not sufficient to satisfy all of the liabilities of the bank, and it is therefore necessary to recover from the defendant the amount he fraudulently received. It is charged that the payment to Battle by the bank was for the purpose of giving Battle a preference over the other creditors, and that this intent was known to Battle. The prayer was that Battle be required to receive the certificates of stock, and that plaintiff have a judgment for the sum of $7,000, with interest from February 14, 1902. The defendant filed an answer, alleging as follows: He was never a stockholder in the bank. He had no knowledge whatever, until within a few days before its failure, that it was insolvent or in an embarrassed condition. A week or ten days before the failure, at the solicitation of the cashier, who assured him that the bank was solvent and its stock was a good investment, he agreed to make some investigation as to the bank's affairs with a view to taking stock therein, and, making a casual investigation, he ascertained that three named parties owed the bank large sums, but there was other large indebtedness to the bank that he did not know of. In ignorance of the indebtedness, other than that of the three persons above referred to, he agreed to take $15,000 of stock in the event that one of such persons paid the entire indebtedness and the others reduced theirs to a safe amount. These negotiations began about February 1; and on February 10 he agreed to take the stock on the conditions referred to. He made arrangements by which he obtained the money, and February 12 deposited in the bank $7,000 which he expected to use to pay for the stock. On February 14 he happened to be in the bank, when the cashier, who had been very officious in endeavoring to induce him to take the stock, without any request from him, handed him through the window a paper, which, to his surprise, he discovered was a certificate for $7,000 of stock. He then stated to the cashier that he was not to take any of the stock except upon certain conditions, and asked the cashier where was Mr. Allen, the president. On being informed that Mr. Allen was in his office in the rear of the bank, he immediately took the certificate to Allen, and asked him if the conditions on which he was to take the stock had been complied with. On being informed that they had not, defendant at once told Allen that he could not take the stock until these conditions had been complied with, and left the certificate of stock with Allen. It was immediately after this that the defendant drew out his money which was on deposit in the bank. It was not placed there in payment for stock, and was not passed to the stock account with the defendant's knowledge and consent. Allen agreed to release the defendant from his contract for the stock, and, in pursuance of this agreement, paid him the money which he had deposited. The trial resulted in a verdict for the defendant; and the plaintiff made a motion for a new trial, which being overruled he excepted.

Cobb, *P. J.* (after stating the facts): The liability of the defendant to the plaintiff depends upon the character of the deposit made by him when the $7,000 were turned over to the bank. If it was a special deposit for a particular purpose—that is, to be kept by the bank intact to be used to pay for the stock if the conditions upon which he was to purchase were complied with—he would not be liable to the plaintiff for withdrawing the deposit at the time that he did. If the money was deposited with the bank for safe-keeping only, there to remain intact until called for, the defendant would have the right to call for the same at any time, and have delivered to him the parcel containing his money, without reference to the financial condition of the bank at the time that the demand for the special deposit was made upon it. In either event, no title to the money passed to the bank. Zane on Banks and Banking, Sec. 162, *et seq*. If the money was placed in the bank on general deposit, the moment the deposit became complete title to the money passed to the bank, and the relation of debtor and creditor was created between the parties. "The moment the deposit was made the credit of the banker was substituted for the money." (Ricks vs. Broyles, 78 Ga. 614; Schofield Mfg. Co. vs. Cochran, 119 Ga. 901, 47 S. E. 208.)

The defendant admits in his answer and in his evidence that he deposited the money in the bank. The question, therefore, is whether it was general deposit or a special deposit. The money was turned over to the officers of the bank. There was no request that the deposit should be kept separate from the other funds of the bank. It was entered upon the books as a general deposit. A certificate of deposit was issued to the defendant, which, so far as the evidence discloses, had none of the *indicia* of a special deposit. When the defendant sought to withdraw his money, he signed a check upon the bank—the usual manner in which general deposits are withdrawn. The transaction had all of the characteristics of a general deposit, and was entirely lacking in any of the essential elements of a special deposit. It is true that on the day following the making of the deposit, when the check drawn by the defendant was paid, he received in payment of his check a part of the identical money that he had deposited the day before, but he received other money from the bank also; the amount of money put in by him not being on that day sufficient to discharge his check in full. What he received on the day following his deposit was the money of the bank. It was true that it was his money at one time on the preceding day, but, as a legal consequence resulting from the deposit in the manner in which it was made, title to the money vested in the bank; and, when he drew his check as a general depositor, while he received back some of the very money which he had himself deposited, he did not receive it as his own money, but as the money of the bank. Some of this money, although the identical money that he had deposited on the day before, was as much the property of the bank as the remainder of the amount paid to him which came from other funds of the bank.

There are respectable authorities holding that if a bank receives a general deposit at a time when it is insolvent, and its insolvency is known to the officers of the bank, but unknown to the depositor, the depositor may reclaim his deposit; no title to the money passing on account of the fraud perpetrated upon him. In some cases this doctrine seems to have been recognized in the general terms above stated. In others it has been limited to those cases where the money of the depositor could be identified and separated from the general funds of the bank. In other cases it has been held that the doctrine does not apply if the money of the depositor has become mingled with the general funds of the bank. The Code declares that if an insolvent bank or banker with knowledge of such insolvency, shall receive money on general deposit, and fail to pay the depositor within three days after demand, such banker or officer in charge of the bank receiving the deposit shall be guilty of a felony.

The primary purpose of this provision is to punish the officers of a bank who receive on deposit money of others, knowing that the bank is in a condition where it cannot repay the same. It is contended that this is a recognition, by the General Assembly, of the fact that the receiving of the deposit under such circumstances is a fraud on the depositor who is ignorant of the condition of the bank, and therefore is in effect a recognition of the principle above alluded to, which authorizes a depositor to reclaim his deposit. It is to be noted, however, that the banker or officer of an incorporated bank may prevent a prosecution by repayment of the deposit within three days after demand. In the case of a private banker he may repay the same from any assets owned by him independently of those embarked in his banking business, or assets thus embarked so long as he is in a position where he can legally control the disbursement of such assets; but in the case of an officer of an incorporated bank, in order to prevent a prosecution, he must refund to the depositor the amount of his deposit out of his own assets, for the penalty of the law is placed upon him as an individual, and he has no authority, by virtue of his office in the bank, to use the assets of the bank for the purpose, unless it is done by the authority of those in control of the bank, and under the circumstances it is lawful for the bank to make such a disposition of its assets. The Code also declares that all conveyances, assignments, transfers of stock, or other contracts made by the bank in contemplation of insolvency, or after insolvency, except for the benefit of all creditors and stockholders, shall be fraudulent and void unless made to an innocent purchaser for value, without notice or knowledge of the condition of the bank, and the officers making or consenting to such conveyance or contract shall be punished as for a felony. The purpose of this provision is to prevent the bank from preferring one of its creditors when the fact of insolvency is known to the creditor. A depositor by general deposit is a mere creditor, and if the bank makes to the depositor a conveyance, or assignment, or transfer of stock, or other contract the legal effect of which is to give to such depositor a preference over the other creditors, the transaction is void, and the officer conducting the same is a felon. It is a well-settled principle that, if one obtains the goods of another under a contract of sale as the result of a fraudulent misrepresentation as to his solvency, the seller, upon discovering the fraud, may rescind the sale and reclaim the goods in the event they are still in the possession of the buyer, and the rights of innocent parties are not affected by such reclamation.

It may be therefore that where, by the fraudulent representation of the officer of a bank as to its solvency, one is induced to make a general deposit of his money, the depositor may, after the discovery of the fraud that has been perpetrated upon him, recover the money that he has deposited, provided the same can be identified and the actual money received by the bank returned to him; but, where one intending to become a depositor in a bank makes no inquiry as to its solvency, and is not induced to make the deposit as the result of any statement made by the officers of the bank, such depositor is in no better position than any other person who deals with an insolvent under the impression that he is solvent.

One who sells goods to an insolvent, such sale not being brought about by any fraudulent misrepresentation, cannot, after the goods have been delivered, reclaim the same upon the ground that he has since discovered that his buyer is insolvent, even though the fact of insolvency were well known to every other person than the seller himself. Upon the same principle we think that where one deals with a bank upon the assumption that it is solvent, and intrusts his money to it as a general depositor, he has no superior claim over other creditors growing out of the fact that he was ignorant of the insolvency at the time of the deposit; there being no other fact amounting to an inducement to make the deposit other than the bank holding itself out to the world as a bank of deposit. We do not think that the mere silence of the officers of the bank as to its condition at the time of the deposit is sufficient either to authorize a depositor to reclaim his money on account of a fraud, or to give him any superior lien over other creditors in the distribution of the assets of the bank. As stated above, however, we are aware that there are respectable authorities which go to this extent.

If a bank is insolvent, but is still conducting its business, and pays the check of a depositor in the usual course of business, and the depositor has no notice of the insolvency, the payment is good, and the depositor is protected notwithstanding the bank is actually insolvent.

In Hill vs. W. & A. R. Co., 86 Ga. 284, it was held that a depositor who draws his check on a bank and receives effects therefrom, without notice of, or reason to suspect, its insolvency, will be treated as a *bona fide* purchaser under the act above referred to. (See, also, Dutcher vs. Importers' Bank, 59 N. Y. 5.) There is no ruling in the case in 86 Ga. 284, 12 S. E. 635, as to what would be the effect upon the transaction if the depositor knew of the insolvency, or had reason to suspect it, at the time that he received payment of his check, when such payment was made while the bank was still in operation and the payment made in the usual course of business.

It is a well-known fact that the suspicion that a bank is insolvent causes all depositors who are acquainted with the facts leading to the suspicion to rush at once and withdraw their deposits. A run on a bank is always produced by those who think they have reason to suspect that the bank is in a failing condition; and we are not prepared to hold if a bank is still in operation, open during the usual hours of business, paying its checks in the order in which they are presented, according to the custom of bankers, that a depositor who merely had reason to suspect the solvency of the bank, this being the motive for his drawing a check, would be required to repay to the bank the amount so withdrawn, less what would be his *pro rata* share in the assets of the bank on the day that the amount was withdrawn, in the event that the bank was afterwards forced to liquidation, and was, in fact, insolvent. Neither are we prepared to hold that one who actually knows that a bank is insolvent, but does nothing except to draw his check and present it and receive payment over the counter in the usual course of business, would be required to refund the amount so withdrawn, less his *pro rata* share, upon a final winding up of the affairs of the bank.

As we understand this record a decision of these questions is not necessary. But, when a depositor with notice, or knowledge, or reason to suspect that a bank is insolvent, by collusion with the officers of a bank, receives payment of his check not in the usual course of business, and under such circumstances that payment to him gives him a preference over the other creditors, the depositor is guilty of a fraud upon the other creditors, and will be required to refund all of the amount so withdrawn by him, except what would be his proportion of the assets upon the winding up of the affairs of the bank. And especially would this be true in a case where the doors of a bank were closed and other depositors were not being paid and the depositor receiving his money was singled out as the sole depositor, or one of a select few, who were being paid, when the depositors, as a class, were not being paid in the order in which their checks were presented. It has been held that if a payment was made not in the ordinary course of business, when the bank was actually, though not avowedly, insolvent, the payee cannot hold the amount paid to him, though he was ignorant of the bank's condition. (2 Morse on Banks [4th Ed.] Sec. 625.)

Payment made by an insolvent bank, or made in contemplation of insolvency, with the intent to give a preference to a particular creditor, is void, irrespective of whether the insolvency was open and notorious, or whether the payee knew of the insolvency or motive of the bank in making the payment. Boone on Banks, Sec. 301. Under our statutes, however, it would seem that if the depositor, although paid not in the usual course of business, was ignorant of the insolvency and of the intent of the bank to prefer him, he would be protected, and not required to refund. However, it would seem, under some circumstances, that payment out of the usual course of business would be a circumstance to be given great weight in determining whether there was notice, as a payment made with a view of giving a preference to a particular creditor is rarely, if ever, made in the usual course of business.

There was no evidence whatever authorizing the instruction of the judge on the subject of special deposits. The instruction of the judge, that if the defendant placed his money on deposit, and such action was induced by the officers of the bank, and if the insolvency of the bank was unknown to him, he would have a right to withdraw the money when he learned of the insolvency, was also unauthorized by the evidence; there being no evidence whatever that there was any inducement held out to him to make the deposit which he himself claims was a mere general deposit. The errors thus committed are of such grave nature, under the facts of the case, as to require a reversal of the judgment. The assignment made by the president and cashier of the bank, without the authority of the board of directors, was admissible simply as a circumstance showing the insolvency of the bank; it being, in effect, an admission of both the president and the cashier that the bank was insolvent on the day of the transaction in question, but the rejection of this evidence probably would not have been alone sufficient reason for reversing the judgment.

Judgment reversed. All the Justices concur.

VIOLATION OF RULE OF BANK BY EMPLOYEE—BONDS PLACED IN SAFE FOR ACCOMMODATION—THEFT BY CASHIER—DEPOSIT OF PROCEEDS OF BONDS TO CREDIT OF BANK—LIABILITY OF BANK TO OWNER OF BONDS.

TOWN OF FAIRFIELD VS. SOUTHPORT NATIONAL BANK.

Supreme Court of Errors of Connecticut, July 30, 1907.

Where bonds of a city were placed in a vault in a bank by one who was employed by the city and also by the bank, for his own accommodation, in violation of a rule that the bank would not act as custodian for negotiable securities, and the cashier of the bank removes them, with intent to appropriate them to his own use, the bank is not liable for the act of the cashier. Even if the failure of the directors to discover the dishonesty of the cashier amounted to negligence, the bank would not be liable. The ground of this holding is that the bank never had possession of the bonds, as they remained in the possession of the agent of the owner who placed them in the safe.

If the cashier of a bank placed the proceeds of bonds, stolen from a third party, in another bank to the credit of his bank, so as to conceal his own prior defalcations, and such money passed to the receiver of the cashier's bank, the latter bank would be liable to the owner of the bonds for such proceeds.

HAMERSLEY, *J.:* The complaint states facts sufficient to support an action against the defendant, based on its liability as the bailee of the plaintiff's 14 bonds, and also an action, based on the liability of the defendant arising from its reception of the property of the plaintiff (being the proceeds of said bonds), which property the defendant cannot rightfully, equitably, and in good conscience hold. These grounds of action are properly stated by stating in consecutive paragraphs the facts pertinent to the transaction out of which the plaintiff's true cause of action arose.

Upon the facts found it is manifest that the defendant did not become the bailee of the plaintiff's bonds. The plaintiff's agent, Francis P. Sherwood, placed the bonds in the defendant's safe for his own personal accommodation, with knowledge of a standing rule in the bank that the bank would not act as a custodian for the safe-keeping of negotiable securities and that any such securities left in the bank's safe were at the risk of the owner. While the bonds remained in the defendant's safe, subject to the sole control of Francis P. Sherwood, they were in the possession of the plaintiff's agent and of the plaintiff. When, on April 21, 1903, the bonds were taken from the safe by Oliver T. Sherwood, with the intent to appropriate them to his own use, they were taken from the possession of the plaintiff, and the act was not the act of the bank or of an agent of the bank, but was a theft by Oliver T. Sherwood. The defendant is not liable to the plaintiff for this theft by a third party. If in fact the failure of the directors to discover that their cashier had become a dishonest man, liable to steal property within his reach, and their failure to remove him from his office were due to a negligent performance of their duties as directors, that negligence would not make the defendant liable to the plaintiff as bailee of the plaintiff's bonds.

In respect to the other ground of action, the finding shows the following facts: The defendant bank kept a portion of its money on deposit with the Park National Bank. On April 21 the defendant's money so on deposit was increased by the addition thereto of $6,000. This money had been that day fraudulently obtained by Sherwood (acting in his individual capacity) through his theft of the plaintiff's bonds and the transfer of those bonds to an innocent third party, as detailed in the finding. The $6,000 so fraudulently obtained by Sherwood acting in his individual capacity as thief of the plaintiff's bonds was immediately received by Sherwood acting in his capacity of the defendant's cashier and added to and mingled with the money of the defendant. This money so added to the defendant's money on April 21 passed on May 19 (unless previously used by the defendant in the usual course of business) into the hands of the receiver, and has been used by him. This fact is necessarily established by the finding by which it appears that the defendant failed to prove any use subsequent to April 21 of its money on deposit, not in the usual course of its business. On or before August 18 the defendant and its receiver learned of Sherwood's fraud in obtaining the money so added to its funds on April 21 and of the plaintiff's interest therein. No consideration for the $6,000, of which the defendant thus received the benefit, ever moved from the defendant to the plaintiff or to any one, unless the deposit is to be regarded as a payment by Sherwood of a debt due from him to the defendant.

We think that under these circumstances the defendant cannot hold this money, the product of Sherwood's fraud upon the plaintiff, against the plaintiff's demand without violating a moral duty the defendant owes the plaintiff. Had Sherwood, instead of stealing the plaintiff's negotiable bonds of the amount and value of $7,000, stolen current money belonging to the plaintiff of the same amount and value, and under similar circumstances received as cashier and added to the defendant's money on deposit $6,000 of this stolen money, the defendant would be under a similar moral duty to pay the plaintiff this money. In both cases the duty rests upon the same universal law of ethics. In both cases the money is the product of a fraud commencing with a theft from the plaintiff, by which the plaintiff has been deprived of, and the defendant has (without giving any compensation) received the benefit of, $6,000. The fact that in the former case the fraud is more indirect and complicated than in the latter does not alter the nature or lessen the force of the duty resting upon the plaintiff. The plaintiff has received and retains money which for all practical purposes as affecting the defendant's duty was stolen from the plaintiff and immediately given by the thief to the defendant. It is plain, too plain for argument, that in equity and good conscience the defendant ought to pay over to the plaintiff the money thus obtained and used. The doctrine that one who holds money which he ought in equity and good conscience to pay over to another is subject to a legal duty to make such payment is firmly established.

It further appears in the finding that prior to April 21 the defendant's cashier (Sherwood) had been engaged in appropriating its funds to his personal uses, and especially on the preceding April 3 had so appropriated the sum of $6,000 to his own use as administrator on the estate of Burr Perry, which sum was never repaid, unless repaid by said transfer of the money so fraudulently obtained on April 21. The defendant urges in argument that, if the deposit by Sherwood of this money on April 21 is to be regarded as a payment by him to the bank of his indebtedness for the same amount embezzled by him on April 3, yet the defendant incurred no liability to the plaintiff through its acceptance of that payment, because Sherwood's knowledge of his own fraud could not be imputed to the defendant merely because he was its cashier, and, as Sherwood was the only officer of the bank having knowledge of the transaction, the defendant had no actual notice of the fraud.

It is true that a corporation which accepts in good faith from its debtor the payment of his debt to it is not chargeable with the debtor's knowledge that the money paid was fraudulently obtained by him in an independent transaction with a third party, even though the debtor is an agent of the corporation in matters unconnected with the fraud; but it is also true that it is chargeable with the knowledge of its agent when that knowledge comes to its agent (acting as its representative without its actual knowledge, though within the general scope of his authority) in the act of accepting on its behalf a benefit which it knowingly retains. In the present case, treating the deposit as a personal payment made by Sherwood of his debt to the bank, then Sherwood, cashier, representing the defendant in a matter within the general scope of his authority, accepted on behalf of the defendant the money he had so fraudulently obtained in satisfaction of a debt due from Sherwood, thief, to the defendant, and as cashier placed that money with the funds of the defendant, who has since retained it. If the defendant disclaims the acceptance by Sherwood, cashier, on its behalf of this payment as unauthorized, then it necessarily disclaims any acceptance, innocent or not, of money paid it in discharge of a debt due from Sherwood, thief, and is in that case bound in equity and good conscience to pay over to the plaintiff money thus obtained and retained by it. On the other hand, if the defendant by retaining and using the money thus placed in its treasury affirms the act of Sherwood, cashier, in accepting on its behalf the payment of a debt due to it, then it necessarily assumes the knowledge with which its agent on its behalf did the act thus adopted as its own. When an agent, acting in excess of his authority, and without the knowledge of his principal, accepts on his principal's behalf money belonging to and fraudulently obtained from another with knowledge of the fraud, that principal, in treating this money as his own and retaining it as against the true owner, cannot claim as his own the act by which the money was accepted without also admitting as his own the knowledge with which that act was done. He cannot receive the benefit of the fraud and reject the resulting duty. This rule is the outcome of an unquestionable rule of ethics. It expressed a truism fundamental to jurisprudence, and which the courts must apply as occasion may arise.

The defendant's counsel, however, seem to rely upon the claim that the defendant as a matter of law received no benefit from the fraud, because its cashier, by making false entries in its books as detailed in the finding, attempted to conceal the embezzlement for his benefit as administrator on the estate of Burr Perry of $6,000 of the defendant's funds on deposit April 8 and to conceal his reimbursement of the defendant for the money so embezzled with the money obtained through his theft on April 21, so that the books thus fraudulently manipulated appear to be consistent with the theory that Sherwood had on April 21 placed to the credit of the defendant $6,000 and immediately thereafter had withdrawn the same for his own use and benefit.

This claim seems to us to be without foundation. The real facts are shown by the acts of Sherwood in drawing the cashier's checks on April 8, by the payment of which on the following day the funds of the bank were actually depleted to the extent of $6,000 and in making the deposit on April 21, by which the funds of the bank were actually increased through the reception of $6,000 obtained as aforesaid. These facts are in no way altered by the fraudulent manipulation of the defendant's books, and their legal effect cannot be modified by any intention or purpose which may have been entertained by Sherwood in embezzling the money of the bank for the payment of his own debt to the Perry estate to so conduct the operation that the eventual loss should fall upon the plaintiff rather than the defendant. It is a sufficient answer to the defendant's claim to call attention to the fact, which is a necessary inference from all the facts found, that on April 21 Sherwood increased the funds of the defendant on deposit with the National Park Bank by the addition to these funds of $6,000 product of the bonds stolen that day from the plaintiff, and that Sherwood did not thereafter check out this money to pay his debt to the Perry estate, but this addition to the defendant's funds remained subject to the defendant's control, and unless used by the defendant in the course of its business passed to its receiver on May 19 and was used by him in settling the affairs of the defendant. The transaction substantially as detailed might well have been conducted by two persons instead of by one person acting in two different capacities. In that case Sherwood, cashier, without special authority from the bank, would receive and deposit to the bank's credit $6,000 paid him by one he knew made the payment, to conceal the payer's embezzlement from the bank to that amount, with money practically stolen from the plaintiff. It would not be claimed that in such case the defendant could, after knowledge of the fraud, in equity or good conscience retain its product. But the moral duty of the defendant is the same, whether it receives the product of the fraud through the acts of two persons or of one person acting in two capacities. The personal identity of the agent of the bank who accepts for it the product of a theft, and the embezzler of its funds who commits that theft in order to cover his embezzlement, does not affect, unless to emphasize, the essential equity. A practical rule for determining in this and similar cases the essential equity, that is, for testing the moral duty consequent to such a situation, has been well stated by the Massachusetts Supreme Court. "If the treasurer of a corporation is a defaulter, and his defalcation is as yet unknown and unsuspected, and he steals money from a third person and places it with the funds of the corporation in order to conceal and make good his defalcation, and the corporation uses the money as its own, no other officer knowing any of the facts, the corporation does not thereby acquire a good title to the money as against the true owner, but the latter may maintain an action against the corporation to recover back the same."

The plaintiff's right of recovery depends upon the money in question being as between him and the defendants in equity and good conscience his. If for any reason the money is not now in good conscience his as between him and the defendants, he cannot recover.

The defendant urges that the real defendants are now the creditors of the bank represented by the receiver, and that as between them and the plaintiff the equitable right of the creditors should prevail against that of the plaintiff. The creditors are not in fact or in theory defendants in this case, and have no right, legal or equitable to funds in the hands of the receiver, which the receiver as representing the bank cannot lawfully retain. He cannot lawfully retain and appropriate to the use of the bank or its creditors money which in equity and good conscience belongs to the plaintiff. Interest by way of damages for detention of the money should be computed from August 18, 1903, the date of the plaintiff's demand.

The superior court is advised to render judgment that the plaintiff recover $6,000 damages, with interest on that sum from August 18, 1903, and his costs. Costs in this court will be taxed in favor of the plaintiff. The other judges concurred.

NOTES--RENEWAL—PAYMENT.

FIRST NATIONAL BANK OF PAWTUCKET VS. LITTLEFIELD, ET AL.

Supreme Court of Rhode Island, July 3, 1907.

Where a national bank went into liquidation and its business, not including certain notes of a corporation, was taken over by a trust company, and the manager of the trust company, who had been cashier of the bank, at the instance of the president of the bank, discounted renewal notes, his acts are held to have constituted a payment of the old notes and the making of a new loan either by the trust company or by the bank, acting with the assent of the trust company as its sole stockholder.

Dubois, *J.*: This is a suit in equity brought to enforce stockholders' liability, under Gen. Laws 1896, c. 180, sec. 11, and certified by the Superior Court to this court for determination under the provisions of Court and Practice Act 1905, sec. 338. Heard upon bill, answer, and proofs.

The complainant is a judgment creditor of the Cumberland Mills Company, a Rhode Island corporation established in the town of Cumberland, and the respondents are the executors of the will of George L. Littlefield, late of Pawtucket, deceased. The liability which the complainant seeks to enforce in this proceeding arises out of the failure to file certificates showing the financial condition of the corporation in the years 1898 and 1899. The judgment in favor of the complainant against the corporation is based on notes made by the corporation April 24, 1900, and July 5, 1900. These notes, the complainant claims, were given in renewal of notes made by the corporation, October 24, 1899, and January 5, 1900, both prior to the filing of the certificate.

The following material facts have been established: The Cumberland Mills Company is a manufacturing corporation, organized under the laws of Rhode Island in 1866. Its manufactory has always been established in the town of Cumberland; and it and its stockholders are subject to the laws of the state relating to manufacturing corporations and their stockholders. George L. Littlefield, the defendant's testator, prior to June 25, 1898, and thence continuously to the time of his death in 1902, owned 275 shares, of the par value of $50 each, of the capital stock of the Cumberland Mills Company, all of which were paid up to their par value. In 1898 the law required the Cumberland Mills Company to file in the office of the town clerk of Cumberland annually, on or before February 15, a certificate, signed by a majority of the directors, truly stating the amount of its capital stock actually paid in, the value as last assessed for a town tax of its real estate, the value of its personal assets, and the amount of its debts or liabilities on the 31st day of December of the year next preceding. The law further provided that, in the event of failure of the company so to do, all the stockholders should be jointly and severally liable for all the debts of the company then existing, and for all that should be contracted before such notice should be given, and that such liability should be limited to the shares of such members paid up to the par value thereof, and in an additional amount up to, but not exceeding the par value of said shares. (Gen. Laws, c. 180, sections 11, 12, 13.) This law was repealed March 28, 1901, but with a saving clause that "no such repeal shall affect any liability existing at the time of the passage of this act." (Pub. Laws, c. 839, sections 1, 2, 4.)

The Cumberland Mills Company failed to file the required certificate in 1898, and also failed to file it in 1899. But on February 17, 1900, the company filed the required certificate for that year, showing the condition of the company December 31, 1899. From some time prior to 1898, to some time subsequent to 1900, the late Olney Arnold, of Pawtucket, was president of the First National Bank of Pawtucket, complainant, and treasurer of the Cumberland Mills Company. Earl S. Binford was discount clerk of the plaintiff from 1865 to 1900, and kept the discount book. This book shows the following entries: July 5, 1898, a six months' note of the Cumberland Mills Company for $13,000, due January 5, 1899, interest, $332.23; net of note, $12,667.77. January 5, 1899, a six months' note of the same company for $13,000, due July 5, 1899, interest, $326.81; net of note, $12,673.19. July 5, 1899, a six months' note of the same company for $13,000, due January 5, 1900, interest, $332.23; net of note, $12,667.77. January 5, 1900, a six months' note of the same company for $13,000, due July 5, 1900, interest, $390; net of note, $12,610. October 24, 1898, a six months' note of the Cumberland Mills Company for $17,000, due April 24, 1899, interest, $429.73; net of note, $16,570.27. April 24, 1899, a six months' note of the same company for $17,000, due October 24, 1899, interest $432.08; net of note, $16,567.92. October 24, 1899, a six months' note of the same company for $17,000, due April 24, 1900, interest $429.72; net of note, $16,570.28.

Mr. Binford testified that probably, and as far as he knew, the $13,000 notes of January 5 and July 5, in the year 1899, and the one of January 5, 1900, and the $17,000 notes of April 24 and October 24, in the year 1899, were given to take up the previous notes for the same amounts, falling due on those respective dates. And he also testified that his connection with the First National Bank ceased on February 14, 1900. William H. Park has been cashier of the complainant since 1865. In the middle of February, 1900, he became also manager of the Pawtucket branch of the Industrial Trust Company, and has held both offices since that date. Mr. Park testified that on March 8, 1900, at a special meeting of the stockholders of the complainant, it was "unanimously voted that the First National Bank of Pawtucket, R. I., be placed in voluntary liquidation, under the provisions of sections 5220 and 5221, United States Revised Statutes, to take effect March 8, 1900." Rev. St. U. S. sections 5220, 5221, 5222, 5223 [U. S. Comp. St. 1901, pp. 3503, 3504], read as follows:

"Sec. 5220. Any association may go into liquidation, and be closed by the vote of its shareholders owning two-thirds of its stock.

Sec. 5221. Whenever a vote is taken to go into liquidation it shall be the duty of the board of directors to cause notice of this fact to be certified, under the seal of the association, by its president or cashier, to the Comptroller of the Currency, and publication thereof to be made for a period of two months in a newspaper published in the city of New York, and also in a newspaper published in the city or town in which the association is located, or if no newspaper is there published, then in the newspaper published nearest thereto, that the association is closing up its affairs, and notifying the holders of its notes and other creditors to present the notes and other claims against the association for payment.

Sec. 5222. Within six months from the date of the vote to go into liquidation, the association shall deposit with the Treasurer of the United States, lawful money of the United States sufficient to redeem all its outstanding circulation. The Treasurer shall execute duplicate receipts for money thus deposited, and deliver one to the association and the other to the Comptroller of the Currency, stating the amount received by him, and the purpose for which it has been received; and the money shall be paid into the Treasury of the United States, and placed to the credit of such association upon redemption account.

Sec. 5223. An association which is in good faith winding up its business for the purpose of consolidating with another association shall not be required to deposit lawful money for its outstanding circulation; but its assets and liabilities shall be reported by the association with which it is in process of consolidation."

Mr. Park also testified that at the stockholders' meeting of March 8, 1900, the following resolution was unanimously adopted: "Whereas, it has been this day voted that this bank be placed in voluntary liquidation under the provisions of sections 5220 and 5221, of the Revised Statutes of the United States, and whereas, this bank desires for the purposes of such liquidation to convert its assets into cash and to sell, assign, transfer, and convey all the real estate and personal property other than cash now held and owned by it, it is now therefore voted that Edward L. Freeman and Darius L. Goff, or in the event of the decease of either, then the survivor of them, be and they are hereby authorized and empowered to sell, assign, transfer, and convey upon such consideration in cash as they may deem advisable, any and all of the property, real or personal, other than cash, now belonging to said bank, and to receive the purchase price thereof, and to receipt in the name and in behalf of said bank for the proceeds of such sales, and to make, execute, acknowledge, and deliver in the name of said bank good and effectual assignments, transfers and conveyances of any property so sold, assigned, transferred or conveyed."

He further testified that at the time of this meeting the capital stock of the complainant consisted of 3,000 shares of the par value of $100 each, whereof 2,591 were represented at the meeting. And also that after the vote for liquidation was passed, and prior to April 26, 1900, the stockholders sold the whole 3,000 shares to the Industrial Trust Company for $300,000; and that the new and sole stockholder took over the deposit accounts of the plaintiff, and certain notes that they considered good beyond question, but did not take over the Cumberland Mills notes of October 24, 1899, and January 5, 1900, for $17,000 and $13,000, respectively, and that these notes remained the property of the complainant. He further testified that after the vote of March 8, 1900, the plaintiff did not make new loans or discount any new paper, nothing except renewals, and that said complainant bank is still in process of liquidation.

The purpose and object of the stockholders of the complainant in passing the vote of March 8, 1900, view in the light of subsequent events, was to wind up its business for the purpose of selling out to the Industrial Trust Company, as was afterwards done. For the convenience of the Industrial Trust Company, Pawtucket Branch, which had become the holder of all the shares of stock of the First National Bank of Pawtucket, its own business, and the winding-up business of the latter corporation, was conducted in Pawtucket, in the rooms and by the officers of the former. In other words, the winding-up business of the complainant was controlled and directed by the Industrial Trust Company, Pawtucket Branch.

On April 24, 1900, the time of the maturity of the $17,000 note, dated October 24, 1899, Mr. Olney Arnold, treasurer of the Cumberland Mills Company and president of the First National Bank, informed Mr. Park, the cashier of the First National Bank and manager of the Industrial Trust Company, Pawtucket Branch, that he wished to renew that note. In consequence of that request Mr. Park directed the discount clerk to renew it. This was accomplished in the manner following: On the 26th of April, 1900, Mr. Arnold carried into the bank the note for $17,000 at four months, dated April 24, 1900, and a check drawn by the Cumberland Mills on the Pawtucket Branch of Industrial Trust Company, for $17,000, to the order of note, and handed them to the cashier, who handed them to the discount clerk, directing him generally to make the proper entries for renewal. Mr. Arnold received the note maturing April 24, 1900, stamped "Paid."

The entries were as follows: On the cash book of the First National Bank cash was charged, note of the Cumberland Mills Company paid, $17,000; interest received, discount, note Cumberland Mills Company, $288.07; and cash was credited with the note of the Cumberland Mills Company discounted, $17,000. On the books of Industrial Trust Company entries were made showing the following procedure. The check was deposited to the credit of First National Bank, and charged against the account of Cumberland Mills. At the same time a "debit slip" for $16,711.93, the difference between the face of the new note and the discount, was lodged with the trust company, and the amount of this "debit slip" credited to the deposit account of the Cumberland Mills and charged against the deposit account of the First National Bank. The office of the First National Bank was in the banking rooms of Industrial Trust Company, the cashier of the First National Bank was the manager of the Pawtucket branch of the trust company, and the result of the transaction was to decrease the deposit account of Cumberland Mills and increase the deposit account of the First National Bank by the sum of $288.07, the amount of the discount or interest on the note. July 5, 1900, the time of maturity of the $13,000 note, dated January 5, 1900, Mr. Arnold again informed the cashier of the First National Bank that it was necessary to renew that note, and at the same time handed him a new note for $13,000, dated July 5, 1900, and a check drawn by the Cumberland Mills Company on Industrial Trust Company, Pawtucket Branch, to the order of note for $13,000. The check and note were handed by the cashier to the discount clerk, who was instructed to make the proper entries for the renewal of the $13,000 note maturing that day. The same course was taken with respect to that note as had been taken with respect to the $17,000 note which matured the 24th day of the preceding April. No cash passed as a part of these transactions. Amounts equal to the interest on the note were transferred from the deposit account of the Cumberland Mills with Industrial Trust Company to the deposit account of First National Bank with Industrial Trust Company.

On March 19, 1902, George L. Littlefield died, leaving a will whereof the defendants qualified as executors, and on September 17, 1902, within six months from the date of the first advertisement by the respondents of the notice of their qualification, the complainant filed in the office of the probate clerk of Pawtucket a statement of its claim against the estate of George L. Littlefield, and the claim was disallowed. Prior to the filing of the bill of complaint the complainant recovered judgment against the Cumberland Mills Company, in an action founded upon the $17,000 note of April 24, 1900, and the $13,000 note of July 5, 1900, whereon execution was returned unsatisfied. After the filing of the bill of complaint the complainant received from the assignee of the Cumberland Mills Company $14,264.55 on account of the judgment.

The complainant claims that the question of liability resolves itself into the question whether or not the transactions of April 24 and July 5, 1900, under the circumstances, amounted to a payment of the notes maturing on those days, respectively, and the creation of a new indebtedness of the Cumberland Mills Company, or amounted to a renewal and continuance of an existing indebtedness; that, if the indebtedness evidenced by the notes was an indebtedness created on the day of the dates of those notes, it was created after the Cumberland Mills Company had filed a statutory certificate which would relieve its stockholders from liability; that if, on the other hand, the indebtedness evidenced by the notes was but a continuance of the indebtedness evidenced by the notes in renewal of which they were given, respectively, then the indebtedness so represented by the notes was an indebtedness which was in existence February 15, 1900, and for which the stockholders are liable—and argues, first, that the transactions of April 24 and July 5, 1900, did not extinguish the then existing indebtedness of the Cumberland Mills, but simply continued it, and that the question is: "What did the parties intend?"

The complainant admits that the transactions in the case at bar were in effect the same as those set forth in reference to notes held by certain banks mentioned in Merriman vs. Social Mfg. Co., 12 R. I. 175, 180; that it was practically the surrender of the maturing note marked "Paid" upon the receipt of a check, the discounting of a new note, and crediting the proceeds of the discount to the holder on the books of the bank; that the additional entries in this case were necessitated by the fact that the complainant bank was in liquidation, and not transacting a banking business, and that the debtors, as well as the complainant, were depositors in another banking institution, and claims that the facts in the case at bar differ from the facts stated in Merriman vs. Social Mfg. Co., supra, in two important particulars: (1) In this case the intention of the parties was clearly and definitely expressed by the declarations of the treasurer of the Cumberland Mills, at the times when the new notes were given, in renewal of the maturing notes. (2) The representatives of both parties to the transaction were fully aware that the bank had ceased to transact a banking business and was no longer in position to loan money. And the complainant argues, secondly, that the action of the cashier and the discount clerk, in so far as they attempted, if they did, to extinguish the existing indebtedness by accepting the new note and the check, was ultra vires and the debtor corporation, through the knowledge of its treasurer, is charged with notice to that effect; that the transactions of April and July, 1900, were after the complainant had gone into liquidation; that, when the bank went into liquidation, its business ceased; that after that there was no authority on the part of the officers of the bank to transact any business in the name of the bank so as to bind its shareholders, unless such authority had been expressly conferred by the shareholders; that no such express authority appears in this case, and that the power of the cashier or other officer of the bank to bind it by transactions after it was put into liquidation is that which results by implication from the duty to wind up and close its affairs, and that duty consists of the collection and reduction into money of the assets of the bank and the payment to the creditors equally and ratably, so far as the assets prove sufficient; that the acts of a cashier transcending his authority are not binding upon the institution in favor of one who has notice.

The question in the first proposition submitted by the complainant's argument—"What did the parties intend?"—would be more nearly correct if it should read: "Who were the parties, and what did they intend?"

The force of the argument in support of the second proposition must be conceded in every case to which it is applicable, but it is not applicable in this case of a solvent corporation whose business is being wound up at the will and pleasure and for the benefit of a trust company which is its sole stockholder, owner of its assets, and its successor in business. The fact that the Industrial Trust Company, Pawtucket Branch, did not take over the Cumberland Mill notes of October 24, 1899, and January 5, 1900, is of no consequence; the taking over being mere matter of detail that could be attended to at any time. The notes in question equitably were its property. If they were paid to the First National Bank of Pawtucket, the proceeds would inure to the benefit of the shareholder of the bank, the Industrial Trust Company, and, if they were to be renewed, it could only be done, as it was done, with the knowledge and consent of the Industrial Trust Company, Pawtucket Branch, and through its officers. The old notes were taken up and paid for with checks drawn by the Cumberland Mills Company on the Industrial Trust Company, Pawtucket Branch, and there is a total lack of evidence tending to show that the Industrial Trust Company ever attempted to repudiate, or even criticize, the acts of the manager of its Pawtucket branch in relation to the discount of the new notes.

The reasons given by the complainant in its attempt to differentiate the present case from the case of Merriman vs. Social Mfg. Co., 12 R. I. 175, are unsatisfactory. The evidence convinces us that the making of the new loan to the Cumberland Mills Company was the act of the Industrial Trust Company, Pawtucket Branch, but, even if it should be construed to be the act of the First National Bank of Pawtucket, it was valid as an exercise of power assented to by its sole stockholder. The case is completely governed by the case of Merriman vs. Social Mfg. Co., supra.

The complainant having failed to substantiate its claim, the bill should be dismissed.

Case remanded to the superior court, with direction to enter a decree dismissing complainant's bill of complaint, with costs.

PROMISSORY NOTE—INDORSEMENT.

MULLEN VS. JONES.

Supreme Court of Minnesota, July 19, 1907.

A writing on the back of a promissory note by the payee, that guarantees payment at maturity, and waives notice of non-payment and demand, is an indorsement in a commercial sense; and the person to whom it is transferred becomes an indorsee under the law merchant.

JAGGARD, *J.:* Plaintiff and respondent, as administrator of the estate of one Mullen, deceased, brought this suit on a promissory note alleged to have been executed by one Cain to the defendant, Jones, and by the defendant indorsed to the deceased prior to its maturity. The indorsement on the back of the note was as follows: "Pay C. G. Mullen, or order. I guaranty the payment of the within note at maturity, and hereby waive notice of non-payment and demand. Andy Jones." The answer was a general denial of the guaranty of the note, its transfer, and of the signature of the defendant on the back of the note.

Plaintiff at the trial offered the note in evidence. It was received, notwithstanding defendant's objections. The court in effect submitted to the jury the question of the genuineness of Jones' signature. The jury found for the plaintiff. This appeal was taking from the order refusing a new trial.

The principal contention of the defendant is that the writing on the back of the note was intended to be a guaranty, and not an indorsement, and that it was void because it failed to express a consideration, as required by the statute of frauds. Elgin City Bank vs. Zelch, 57 Minn. 487, 59 N. W. 544, decides this point adversely to defendant. In holding that the present indorsement was an indorsement in the commercial sense, and that the transferee was an indorsee under the law merchant, this court is in accord with the best current opinion.

The second contention of the defendant is that there was no proof of the genuineness of defendant's signature on the back of the note. In point of fact, testimony on this point was received by the court on behalf of both parties. The jury found for the plaintiff. In view of the conclusion that the defendant's contract was as an indorser, and of that testimony, apart from the statutory rules (section 4730, Rev. Laws 1905), the trial court was fully justified in refusing to grant a new trial.

Affirmed.

NOTES OF CANADIAN CASES AFFECTING BANKERS.

[Edited by John Jennings, B.A., LL.B., Barrister, Toronto.]

CHOSE IN ACTION—ASSIGNMENT OF MONEYS UNDER A CONTRACT TO SECURE ADVANCES—INTERPLEADER ISSUE—EQUITABLE ASSIGNMENT—NOTICE—RIGHT TO MONEYS.

SOVEREIGN BANK VS. THE INTERNATIONAL PORTLAND CEMENT CO. (14 O. L. R., p. 511).

A firm of contractors having a contract with a town desiring advances from a bank, assigned "all or any moneys due or which may become due from the corporation of the town," and thereafter the checks for all moneys coming to the contractors, payable to their order, were handed to the bank. The contractors subsequently assigned the account as follows: "We hereby, for and in consideration of advances heretofore made * * * assign, transfer and make over to (another branch of the same bank) as a general and continuing collateral security, balance of the account" against the town assigned to the bank.

It was admitted that the bank knew that there was but one contract upon which the contractors would be entitled to receive money from the town, and that the assignments were simply taken as security for the advances made or to be made to the contractors.

Held, that the assignments to the bank were good equitable assignments, and that no notice of them to the town was necessary.

Statement of Facts: This was an interpleader issue to try the right to certain moneys payable by the corporation of the town of Perth to the firm of Clement and Leal, contractors for certain paving work for the town, which moneys had been assigned to the bank.

Desiring an advance from the Sovereign Bank, this firm gave an assignment of all moneys due and to become due from the town under their contract to the agency at Perth as security for the repayment of advances to be made them. A document was executed by them as follows:

From The Sovereign Bank of Canada, Perth, Ont.,
To the Corporation of the Town of Perth:

July 21, 1906.

We hereby assign, transfer and make over to the Sovereign Bank of Canada any money or moneys due or which may become due from the corporation of the town of Perth.

(Sgd.) Clement & Leal.
Witness, T. A. Wicks. (Sgd.) S. C. Clement.
(Sgd.) H. Leal.

Notice was given as follows:

From the Sovereign Bank of Canada, Perth, Ont.,
To the Town Clerk, Perth, Ont.:

July 23, 1906.

Dear Sir: Please note that we have taken an order from Messrs. Clement and Leal for any moneys which may become due them from the corporation of the town of Perth.

If you hand us the checks we will see that they are properly endorsed by them. Yours truly,
(Sgd.) C. A. MacMahon, Manager.

The following day the clerk of the town came into the bank, and asked to see the order. This was shown to and examined by him; and thereafter the moneys to which the contractors became entitled were paid by checks drawn to their order, but handed to the bank. The contractors were entitled on account of this one contract only to receive anything from the town, of which fact the bank manager was fully aware.

The same contractors also obtained an advance from the Marmora branch of the Sovereign Bank and gave an assignment in the following terms:

Marmora, Nov. —, 1906.

To the Corporation of the Town of Perth and to the Sovereign Bank of Canada, Perth.

We hereby, for and in consideration of advances heretofore made to the undersigned, assign, transfer and make over to the Sovereign Bank of Canada, Marmora branch, as a general and continuing collateral security, balance of the account against the corporation of the town of Perth, now assigned to the Sovereign Bank of Canada, Perth branch.

Signed at Marmora this 12th day of November, 1906.

(Sgd.) Clement & Leal,
per W. H. Leal.

Witness, J. A. Beatson.

(Sgd.) W. H. Leal.
(Sgd.) S. C. Clement.

This document was sent to the manager of the Sovereign Bank at Perth, with a request that it should be shown to the officials of the town, but this was not done. The bank manager at Marmora also knew that there was but one contract from which Clement & Leal would become entitled to receive money from the town.

The above named defendant company obtained a judgment against Clement & Leal subsequent to these assignments and served the town of Perth with a garnishing order. A number of other creditors also obtained judgment and an issue was directed to be tried to decide whether the moneys which the town had paid into court were the property of the Sovereign Bank or of the judgment creditors jointly.

JUDGMENT: (RIDDELL, *J.*): Sub-section 5 of section 58 of the Judicature Act provides as follows: "Any absolute assignment, made on or after the 31st day of December, 1897, by writing under the hand of the assignor (not purporting to be by way of charge only) of any debt or other legal chose-in-action of which express notice in writing shall have been given to the debtor, trustee or other person from whom the assignor would have been entitled to receive or claim such debt or chose-in-action, shall be effectual in law (subject to all equities which would have been entitled to priority over the right of the assignee if this section had not been enacted) to pass and transfer the legal right to such debt or chose-in-action from the date of such notice, and all legal and other remedies for the same and the power to give a good discharge for the same without the concurrence of the assignor."

It is to be noted that the assignment must be an absolute one, not purporting to be by way of charge only, and to be of a debt or other legal chose-in-action.

It was admitted by both bank managers that the assignment taken by them was simply security for the repayment of advances made or to be made.

The learned trial judge then gives a very valuable review of the cases deciding what are and what are not absolute assignments not purporting to be by way of charge only, and adopts the test given by Cozens-Hardy, L. J., in Hughes vs. Pump House Hotel Company, Limited (1902) 2 K. B. 190.

"The real question, and, in my opinion, the only question, is this: Does the instrument purport to be by way of charge only? In my opinion that document is an absolute assignment, and does not purport to be by way of charge only. It assigns all moneys due or to become due under the contract."

The test would seem to be: Does the document purport to assign all the debt, though that may be simply security for a possibly smaller sum; or does it purport to assign only sufficient of the debt to secure the amount of the advance? I have already pointed out that Cozens-Hardy, L. J., considers that the Evans case was decided as it was because the court held that there was not an assignment of the whole debt.

It is not, however, in the view I take of the present case, necessary to decide whether the assignments to the bank fall within the sub-section, if they can be considered good equitable assignments. If they are, since the creditors can take no higher rights than the debtor, the assignments must prevail here, and the fact that the money is in *custodia legis* does not injure, but, if anything, assists, the bank.

That the statute has not affected the principles of equitable assignment is clear.

Notice is not required to perfect the transfer as between assignor, assignee, and debtor—the effect and object of notice being to protect the assignee against further assignments or any right of set-off, and secure the debtor against other claims.

The want of notice in the case of the Marmora assignment becomes immaterial if that be a good equitable assignment.

Without deciding whether the bank could in either case have sued the town without adding the assignors as plaintiffs, I must hold that the money paid in and to be paid in to the sheriff is the money of the bank.

INSOLVENCY—PREFERENTIAL TRANSFER OF CHECK—DEPOSIT IN PRIVATE BANK—APPLICATION OF FUNDS TO DEBT DUE BANKER—SINISTER INTENTION—PAYMENT TO CREDITOR—R. S. O. (1897), *c.* 147, *s.* 3 (1).

ROBINSON, LITTLE & COMPANY VS. MCGILLIVRAY (39 S. C. R. p. 281).

STATEMENT OF FACTS: This was an appeal from the Court of Appeal for Ontario upholding the judgment of the learned trial judge in a creditor's suit to set aside the transfer by the debtor of a check received within sixty days from the attack thus made on the transaction under the terms of R. S. O. chap. 147, sec. 2, which reads as follows: "Subject to the provisions of section 3 of this Act, every gift, conveyance, assignment or transfer, delivery over or payment of goods, chattels or effects, or of bills, bonds, notes or securities, or of shares, dividends, premiums or bonus in any bank, company or corporation, or of any other property, real or personal, made by a person at a time when he is in insolvent circumstances, or is unable to pay his debts in full, or knows that he is on the eve of insolvency with intent to defeat, hinder, delay or prejudice his creditors, or any one or more of them, shall, as against the creditor or creditors injured, delayed or prejudiced, be utterly void."

McGillivray, a merchant in insolvent circumstances, although not aware of that fact, sold his stock-in-trade and deposited the check received for the price to the credit of his account with a private banker to whom he was indebted, at the time, upon an overdue promissory note that had been, without his knowledge, charged against his account a few days before the sale. Within two days after making the deposit, McGillivray gave the banker his check to cover the amount of the note. This action was brought to have the transfer of the check so deposited set aside as preferential and void.

JUDGMENT (GIROUARD, DAVIES, IDLINGTON, MACLENNAN and DUFF, *J.J.*): Held, affirming the judgment appealed from (13 Ont. L. R. 232) that the transaction was a payment to a creditor within the meaning of the statute, R. S. O. (1897) ch. 147, sec. 3, sub-sec. 1, which was not, under the circumstances, void as against creditors.

PROMISSORY NOTE—PROTEST IN LONDON, ENGLAND—NOTICE OF DISHONOR TO INDORSER IN CANADA—KNOWLEDGE OF ADDRESS--FIRST MAIL LEAVING FOR CANADA—NOTICE THROUGH AGENT—AGREEMENT FOR TIME—DISCHARGE OF SURETY—APPROPRIATION OF PAYMENTS—EVIDENCE.

FLEMING VS. MCLEOD (39 S. C. R. p. 290).

STATEMENT OF FACTS: Leaving out the lengthy and detailed review of the evidence, the essential facts appear in the judgment of Mr. Justice Davies.

JUDGMENT (FITZPATRICK, *C.J.*, and DAVIES, IDLINGTON, MACLENNAN and DUFF, *J.J.*): This appeal arises in an action brought by the appellants, the payees of four promissory notes, given to them by George K. McLeod, all dated at St. John, N. B., 1892, falling due respectively September 30, 1893, 1894, 1895 and 1896, and all indorsed by respondent W. H. McLeod. The first three are for £1625 sterling each, and the last one for £1705 16*s*. sterling.

The defendant in his pleas denied (1) presentation; (2) notice of dishonor; and alleged (3) an agreement by the appellant with the maker, Geo. K. McLeod, to give him time for payment of all the notes whereby respondent as surety became discharged; and (4) payment.

The appellants are merchants carrying on business in London, England, and it is conceded tha the notes as they respectively fell due were properly presented and protested for non-payment.

The substantial contests are whether or not proper notices of dishonor were sent to respondent and whether or not, even if so, he was discharged by a valid agreement between appellants and the maker of the notes, Geo. K. McLeod, giving him time for payment.

It appears in evidence that the defendant, respondent, lives in Richibucto, New Brunswick, but there is no evidence of knowledge by the appellants of that fact, unless the inference of such knowledge should be drawn from the fact that when the first note fell due a notice of dishonor of the same was sent to defendant by the appellants, from London, the following day, addressed to Richibucto. At the same time and by the same mail, the appellants forwarded the protest of the non-payment of that note to their agent, the manager of the Merchants' Bank of Halifax, Nova Scotia, instructing him to take the necessary preliminary steps to obtain from the maker and from respondent W. H. McLeod, payment of the note.

Pursuant to these instructions Duncan, their agent, on the same day that he received by mail this letter from appellants, in Halifax, sent by post notice of dishonor to W. H. McLeod at Richibucto. The fact of the appellants having taken the precaution of sending the protested note to their agent Duncan in Halifax, and having a notice of dishonor sent by him to McLeod, rather rebuts the inference sought to be drawn from the sending of the notice to him from London to Richibucto direct and indicates an uncertainty on the part of the appellants as to McLeod's proper address which goes to rebut knowledge. The fact that they hit upon the proper address is by no means conclusive of their knowledge, or sufficient to compel an inference imputing such knowledge to them. With respect to all the other three notes the practice adopted by appellants was to send the dishonored note and protest by the "first Canadian mail leaving London for Canada" after the day of the dishonor of the note, to their agent Duncan, the manager of the Merchants' Bank, Halifax, by whom notices of dishonor were forwarded to defendant.

I have no hesitation in holding on this evidence that the appellants cannot be held to have had knowledge of the defendant W. H. McLeod's address; that they were therefore justified in forwarding the protests of the dishonor of the notes to their agent Duncan in Halifax in order to have the necessary inquiries made and notices of dishonor sent to his proper address, and if as a consequence of so forwarding these protests and notes to their agent any necessary delay occurred (of which fact I am bound to say I see no evidence) the appellants were justified and excused under the law of England, which is the law applicable to this case in respect to such delay.

Then with respect to the defence that there was an agreement between the appellants and the maker of the note, Geo. K. McLeod, whereby the latter was given time for payment, I am quite unable to conclude that any such agreement existed.

I conclude from the evidence clearly that there was no binding agreement of compromise made between appellants and Geo. K. McLeod whereby he was given time for payment of the debt he owed appellants; that if any such agreement could be spelled out of the evidence, the reservation of appellants' rights against the sureties was a part of it; and that in any event the suggested agreement was without consideration and not binding.

Idlington and Duff, *J.J.*, dissented from the foregoing judgment with respect to notice of dishonor, but agreed with it on the latter branch, and held that a demand note given in removal of a time note and accepted by the holders is not a giving of time to the maker by which the indorser is discharged.

REPLIES TO LAW AND BANKING QUESTIONS.

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

A reasonable charge is made for Special Replies asked for by correspondents—to be promptly sent by mail.

FALSE REPORTS MADE TO BANKS AS A BASIS FOR LOANS.

NEW YORK, Nov. 19, 1907.

Editor Bankers' Magazine:

SIR: Assuming that you have on record important decisions relating to banks, I should like to ask for some information regarding the matter of criminal conviction where false reports have been made to banks as a basis for discount accommodation. PRESIDENT.

Answer.—The law applicable to this subject is section 528 of the Penal Code, which provides: "A person who, with the intent to deprive or defraud the true owner of his property, or of the use and benefit thereof, or to appropriate the same to the use of the taker, or of any other person, either takes from the possession of the true owner or of any other person, or obtains from such possession by color or aid of fraudulent or false representations or pretense * * * any money, personal property, thing in action, evidence of debt or contract, or article of value of any kind * * * steals such property and is guilty of larceny." Concerning the intent of this statute, the Court of Appeals has said: "The statute was intended to supply a supposed defect which existed at common law and to make provision for the punishment of offenders who by false representations and ingenious devices sought to procure property or money from others. It is directly aimed against and intended to embrace every offender, who with intent to cheat and defraud another shall designedly, by color of any false token or writing, or by any other false pretense, obtain the signature of any person to a written instrument, or any money, personal property, or valuable thing. (2 R. S. [Edm. Ed.] 697, sec. 53.) Every species of fraudulent pretenses is included within the comprehensive terms employed, and it matters not what the nature of the transaction is, if money be obtained in the manner and by the means indicated in the statute. So long as there is a false representation designedly made, with the intent to cheat and defraud, it is enough to satisfy the requirement of the law. It is true that it must be a representation which affects and influences the mind of the prosecutor and induces him to sign the instrument, or to part with his money or property, and to surrender it by reason thereof." The statute, therefore, very plainly covers a case where a borrower obtains the money of a bank upon a report which he knows to be false, and which he submits for the purpose of inducing the bank to make him a loan, and by which the officers of the bank are led to do so.

DEED GIVEN AS SECURITY FOR LOAN.

South Bend, Wash., Oct. 16, 1907.

Editor Bankers' Magazine:

Sir: Will you kindly give us some light on the following? A certain party obtains a loan from our bank and gives as security a warranty deed conveying certain real estate to this bank. In return the bank gives him a contract to deed the same property back to him upon his paying his obligation to the bank which falls due at a certain date. If the party fails to pay his note when due, will the bank become rightful owners of the property to which it now holds a warranty deed, or will the borrower have a certain time to redeem this property, the same as in the case of a mortgage?

Elias Pierson, *Cashier.*

Answer.—Where an absolute conveyance has been made upon an application for a loan, and an agreement is made to reconvey upon payment of the money advanced, the transaction is regarded as a mortgage. (Jones on Mortgages, sec. 266 and cases cited.) And it is a general principle that an equity of redemption is inherent in every mortgage, without regard to the form of the instrument; and where a deed, though absolute in form, is in legal effect a mortgage, the right of redemption exists in the grantor. (Jackson vs. Lawrence, 117 U. S. 679; Clark vs. Henry, 2 Cowen [N. Y.] 324; Workman vs. Greening, 115 Ill. 477; 11 Am. & Eng. Encyc. of Law, 209.) In the case stated in the inquiry, therefore, the borrower will have the right to redeem even after his debt is due; but the bank, by treating the deed as a mortgage, may obtain a decree foreclosing this right.

CHECK PAYABLE TO BEARER—INDORSEMENT.

East St. Louis, Mo., Nov. 18, 1907.

Editor Bankers' Magazine:

Sir: Kindly advise me whether a bearer check should be endorsed. The Negotiable Instruments Law has been changed from time to time, and I desire to know the ruling at the present time. A Banker.

Answer.—It is never necessary that a check payable to bearer should be indorsed to enable the holder to transfer it to another or to demand payment. This is the rule of the Negotiable Instruments Law, and was the rule before that statute was adopted. Under the act, as well as under the law merchant, a check payable to bearer passes by delivery, and the bank may pay the amount to the person in possession of it. The statute has not been changed in this respect in Missouri or in any other state. Banks very frequently request the holder presenting such a check to indorse it for identification, and the practice is often convenient, but as a matter of strict legal right, the bank cannot demand it. If the holder should decline to indorse, the bank could not for that reason refuse to pay, and if the bank should do this, the holder could treat the paper as dishonored.

SAVINGS DEPOSIT—AGENCY.

Ludington, Mich., Oct. 22, 1907.

Editor Bankers' Magazine:

Sir: Will you, through the law department of your Magazine, kindly say who would be authorized to draw money under the following circumstances: Mrs. A deposits in our savings department $100. During a sickness, she writes across the book and signs it: "Anna R. Smith may draw," it being intended that the money should be used for a certain purpose, as requested by Mrs. A. Before money is drawn, Mrs. A dies, and her husband gets possession of the savings pass-book and hands it in to us with instructions to pay it to no one till the estate is settled. To whom should we pay it?

W. L. Hammond, *Cashier.*

Answer.—The money belongs to the estate of Mrs. A and should be paid to her executor or administrator. The direction, "Anna R. Smith may draw," was not sufficient to constitute a gift to her, especially in view of the fact that the decedent intended that the money should be used for a certain purpose. The effect of the direction was merely to make Anna R. Smith the agent of Mrs. A, for the purpose of drawing the money, and the death of Mrs. A terminated this agency.

SAVINGS BANKS

THE INDEPENDENT AUDIT OF A SAVINGS BANK.*

BY EDWARD T. PERINE,

PRESIDENT THE AUDIT COMPANY OF NEW YORK.

MR. PRESIDENT and Members of the Savings Bank Section of the American Bankers' Association:—I should like, with your permission, to present a programme for bank examining of the broadest possible scope. I think I may fairly do this because savings departments are maintained in so many state banks, national banks and trust companies, as well as for the reason that so many of our savings banks are authorized by law to do a commercial business. Again, in thus broadening my subject, I wish not to drap sharp lines between the duties of examining committees of directors (or trustees), and those services from time to time rendered by either legally appointed examiners or specially chosen accountants. In a word, I offer certain plans which involve the most searching methods of answering for the absolute soundness of a banking business. If in instances of many of the banks here represented some of these plans may be beyond the scope of a particular savings bank's business, I would nevertheless urge that every feature that can be made to apply to that bank be so applied. Although I believe that in many cases there will be, in what I propose, greater exactions upon the time of directors (or trustees), with perhaps some increased expense for outside professional help, I would still urge that every so often that bank subject its inmost affairs to a thorough, penetrating probe.

Such a probe should, to my mind, consist of three main tests:

First—Are the assets intact and the liabilities truly shown by the books?

Second—Is there soundness and safety, in all that the terms imply?

Third (and under this head I shall ask you to listen to certain ideas original, so far as I know, with myself)—What standards are there of individual duty?

First, therefore, let us consider the question:

ARE THE ASSETS INTACT AND THE LIABILITIES TRULY SHOWN BY THE BOOKS?

The plain question involved is whether any defalcation exists. In this connection let me mention briefly the methods by which bank officers or

* Address before the Savings Bank Section, American Bankers' Association.

employees steal. Generally it is according to one or more of the following practices:

The theft of money, hiding the act either by substituting fictitious cash items or vouchers which are not proper charges against the accounts of customers or against expense account, or else by withholding deposits or receipts of principal or income, in which cases the proper credit vouchers are withheld or destroyed.

EDWARD T. PERINE,
President The Audit Company of New York.

The misappropriation of stocks and bonds owned or held as collateral, including trust securities and unvalued securities.

The improper transfer of bank funds by draft or check, involving the juggling of clearing house accounts or of balances with other institutions.

The transfer of individual credit, usually out of large and fixed deposit accounts, generally into the name of some outsider acting as the confederate of an individual bookkeeper.

The over-issue of certificates of stock or certificates of deposit.

It is against practices like these that a bank should be safeguarded, by means of frequent searching examinations, whether made by legal examiners or by directors (or trustees) and accountants. As to the manner of the work—apart from the frequent checking up by officers of all matters entrusted to employees—several times a year a descent should be made, without warning, upon officers and employees alike. Three o'clock in the afternoon is, for several reasons, the best hour at which to begin to verify the assets. There is less interruption to the day's work. There is a chance afforded of counting the cash, and examining the other assets, not only in terms of balances, but in the light of the transactions of the day, involving possible differences or delinquencies which would not, in all probability, be apparent the next morning. Moreover, in large banks, with clearing facilities, there is an opportunity, in the afternoon, for inspecting the quality of the day's exchanges. I think, too, that no ledger statement of accounts handed by the general bookkeeper to the examiners in the morning, is nearly as valuable a basis of examination as a trial balance taken by the examiners themselves the night before.

The cash should be proved in bulk before being counted in detail. The examiner, in dealing with the cashier, treasurer or teller, should demand all of the money of the bank and should hold it in one place until it has been "sized up" as agreeing with the exact requirements of the books, being turned back to the proper representative of the bank only after the details of all the packages of bills and bags of coin have been proved. I do not say that a bank examiner ought to count every package of bills of small denomination. I do say, however, that the mere lifting about of bags of currency does not constitute a count. Too often are packages of small bills, absolutely uniform in size, thumbed over and over by well meaning but inexperienced bank examiners, while on the other hand in too few banks are there scales suitable for weighing to a nicety the large quantities of gold, silver and minor coin so often tallied up by an examiner on no better proof than information and belief as to the contents of the bags.

If there are legitimate cash items held in lieu of money, such as items to be collected by hand and returned items, a list should be carefully prepared by the examiners, showing dates, names, particulars and amounts. This list should be certified by one or more officers of the bank. Inquiry should be made as to whether there is a petty cash fund, and if there is, cash or proper vouchers should be examined to prove the precise amount of such fund. There should be a careful verification of the items and totals of the day's exchanges, as to items sent out and items received, and there should be an inspection of the cash or drafts delivered in or out of the bank on balances. An examiner, aided by the officer of the bank most familiar with customers' names and credits, should examine the quality of the exchanges, the officer certifying in writing to the examiners that to the best of his knowledge no bogus checks or drafts have been included with the outgoing exchanges of the day. I urge this as being of the utmost importance, knowing of instances in which defalcations by tellers have been concealed at the time of examinations of cash, the stolen amount in each case being covered by the substitution of a bogus check, and a like sum being taken out, after the count of the cash, and used to make good the check at the time of its reaching the other bank.

There should be an exact reconciliation secured by the examiners of every balance due from and due to other banks. These reconciliations should be in writing, accounting for items in transit, and they should be inspected as to the regularity of every exception. There should be a proof of each account with another bank, and it should be a proof to the penny. I submit that previous accounts current, pass book balances, and the like, are not of themselves conclusive proofs of this portion of the bank's assets, as compared with independently secured reconciliation statements.

As regards the verification of assets other than cash, they should all be placed before the examiners at one time, to be listed, counted and then turned back to the officers. I say at one time because there is always danger that certain items might be offered to be counted a second time. I have not patience with committees or accountants who permit the inside people of the bank to assist in counting packages of bonds, or with those who adjourn at the end of the day's business without sealing up in the vault both the assets which have been verified and those which remain unverified.

Securities, loans, with their collaterals, mortgages and notes should, of course, be inspected and the items and totals made to agree exactly with the requirements of the general books. Securities held in trust, and any unvalued securities, should be examined with much care. In fact, as to both of these, it is usually wise to make lists which can be retained with the other working papers, and filed away by the examiners so as to be referred back to as a basis for auditing these classes of securities at the time of the next examination. Notes or other items out of town for collection should be verified in the same careful manner as that used in the reconciliation of cash balances due from and due to other banks. Let me say also to officers and employees that I deem it of importance, whatever the standing of those who do the examining; that the people in the bank should recount all the cash, securities and loans immediately after the examiners turn them back.

Under the head of liabilities, banks having share capital should present both their stock ledgers and certificate books to the examiners. The various holdings as shown by the stock ledger should be not only totaled, but checked against the open stubs of the certificate book. A careful book analysis should be made of the records showing outstanding treasurer's or cashier's checks, outstanding certified checks and outstanding certificates of deposit. There should be such an examination of individual ledger balances as to prove, in a small bank by a footing of the balances, or in a large bank by a footing of the accounts controlling the various customers' ledgers, that no differences exist and that the totals of the trial balances most recently taken are correct according to the general books of the bank.

Such an examination as has been outlined can easily be made, in even a very large bank, several times each year.

I now have to present a programme for a less frequent but more comprehensive investigation. This, in addition to what has already been outlined, should be made—preferably once a year, certainly once every two years—in the form of an examination and report in response to the question:

IS THERE SOUNDNESS AND SAFETY, IN ALL THAT THE TERMS IMPLY?

Briefly, now, I will mention certain features which when examined into and reported upon ought to make for soundness and safety. Borrowers should certify in writing the amounts of their loans and the items of their collaterals. It should be ascertained: What loans have been made, during the period, to directors (or trustees), to officers, or to employees? Whether there have been any advances made, directly or indirectly, upon the shares of stock of the bank examined. What notes have been and are past due? What single name obligations are held? Whether there is a book record of the individual liability of customers, showing that there are no excessive lines. Whether there are financial statements on file from doubtful customers. Whether the makers and endorsers of notes—if not in every instance, in cases of the larger amounts—having been communicated with in writing, admit the validity of their paper as held by the bank. Whether money reserves have been maintained. Whether, upon an appraisal of securities they are found to be carried at not more than their market value, or within the scale of amortization values. Whether there are proper margins for loans. Whether mortgages have been made within conservative portions of appraised values. Whether the appraisals are on file and all mortgages and deeds properly recorded. Whether the bank holds tax receipts, title insurance, fire insurance and ample bonds upon every officer and employee. Whether directors (or trustees) and members of committees are regular in their attendance at meetings, and what the provisions of the minutes have been, as well as whether they have been carried out. Whether salaries and other official appropriations are truly reflected by the expense accounts of the bank. Whether there are vouchers for all disbursements, properly approved and receipted. Whether the last closing of the profit and loss account of the bank has been upon a basis of uniformity with previous closings. Whether income has been received upon all loans and investments at the rates at which they have stood upon the books. Whether vaults, safes and cages are strong and secure. Whether there are resolutions providing for a fair arrangement with outside parties from whom help might be secured in the event of a run on the bank. Whether bookkeepers are regularly interchanged. Whether employees keep accounts with the bank, and if so of what character. What overdrafts and over-certifications have been granted, and upon what security. Whether there is exactness in the small things which represent the best known rules of bank practice, such as the prompt posting back of canceled stock certificates, paid certificates of deposit and paid treasurer's or cashier's checks; the immediate endorsement of partial payments upon notes and loans; the computation of interest by one clerk and its proof by another; the absence of chemical and knife erasures in the books; proper requisitions for and control over supplies; official custody of numbered pass books and loose leaf sheets; the occasional checking of the card files of signatures against the depositors' names on the ledgers—at points if not in the case of every account—so as to test whether any fictitious balances might exist; the investigation of what written authority there is over the acts of those in the bank; i. e., whether its rules are in code form; whether the authorizations for debit and credit entries are supported by the signatures of officials, and whether departmental reports are received by such officials, not only as to matters of accounts and balances but with reference to matters of organization and the ways and means of economical operation. In connection with all these matters of internal system, uniform bookkeeping methods, and the like, I should explain that having been privileged to read and to study carefully an advance copy of the report rendered earlier to-day by the Committee on Auditing of Savings Banks, I am able to commend in all respects the thoroughness and wisdom of the Committee's findings. Having known that this report was to be rendered, and in such complete form, it has, of course, enabled me to exclude many ideas upon banking office system which I would otherwise have discussed in connection with the subject of independent auditing.

Next, in examining and reporting upon soundness and safety in the bank, attention should be given to the investigation of individual accounts. I believe that in every bank, however large, at least once a year, it is wise to prove the aggregate of customers' balances by a complete footing, and that at least some portion of the transactions leading up to the balances should also be audited against the records of original entry, thereby affording some measure of test of the accuracy of the individual ledger work; that the examiners should, during their stay, receive, balance and deliver to customers all pass books left for this purpose; that commercial deposit accounts should be verified by actually calling in pass books or writing for certificates to be signed by customers; that while engaged upon their examination they should have control of the bank's mail; and that after their departure, reconciliations of accounts or other communications pertaining to the examination should be received elsewhere than at the bank, say at a post office lock box.

I believe that now and again such an examination as has been described is needful, and that although comprising some details not ordinarily looked into, an occasional report ought to be made and filed covering every detail I have mentioned. It can be had, moreover, if directors (or trustees) will but co-operate with such outside accountants as may be needed. Nor is the cost of securing such outside help considerable, as compared with the value of the results to the institution examined.

Finally, let me offer as a feature not ordinarily examined into and reported upon, a suggestion for determining:

What Standards Are There of Individual Duty?

I recommend that annually the officers and employees of the bank be asked to answer, in writing, and for purposes of a report to the directors (or trustees), a series of questions such as these:

Has your work strictly to do with the handling of money or has it to do with the keeping of books? If with both, state the fullest particulars.

Is there a check upon your own work?

Is the work of any other person or persons, as supervised by you, regularly and properly performed?

Have there been (during the period of this examination) any differences or forced balances in your work, or errors which have cost the institution money?

Do you know of any adjustments of the affairs of the bank made in anticipation of this examination, such as the taking up of questionable cash items, notes, loans, collaterals, or any forcing of balances, or other acts calculated to show a condition for the bank better at the time of its being examined than immediately preceding?

Do you know of any such adjustments at the time of the issuance by the bank of its last printed statement, or of any inflation from side to side, at that time, of any balances due from or due to other banks or customers?

Do you know of any names on the books representing parties with whom the bank appears to be dealing, but who are not the real parties to the dealings?

Do you know of any legal limitation upon the bank which is not being fully lived up to?

When and for what period did you last take a vacation?

Have you at any time received any gift, or any valuable consideration, at the hands of a borrower or depositor of the institution?

Have you any outside income other than from invested capital?

Are you obligated, with or without security, to this institution or to any other banking institution, private banker or stockbroker, directly or indirectly, in any amount or in any manner whatsoever?

I can imagine that some banks may be inclined to feel there would be a certain harshness in thus questioning their people; perhaps because the questions are in some respects the very ones asked by bond-ing companies. My answer is that if a bank will ask its officers and clerks fully and fairly to declare themselves in response to all of the queries I raise, there will be for that bank an added form of protection, differing from but no less important than the protection afforded by fidelity bonds. I say this with confidence that the people in our banks, knowing that there would be no unreasonable publication of the results of such questioning may be expected almost to a man willingly and truthfully to declare themselves. I am speaking from some years of study of the subject, first in the banking business, then as a professional accountant with experience in the examining of many banks, and speaking also at this time as a director in several financial institutions; and I say that I believe our American banking interests, however sound as a whole, need and should invite this and any and every other form of searching investigation. They need and should invite thorough independent audits for the sake of giving the greatest assurance both to their stockholders and their depositors, and to the end of an upbuilding of public confidence everywhere.

I offer you, therefore, my programme for a frequent verification of assets and liabilities, for an occasional proof of absolute soundness and safety, and for a test of the utmost that may be demanded of officers and employees in the performance of their duty as individuals. in a sincere hope that some of the Savings Banks here represented, if not other of our financial institutions, may find something in my views which will point them to surer methods and thereby more successful achievements.

SAVINGS IN ST. LOUIS.

SOME excellent literature has been issued by the Mississippi Valley Trust Company of St. Louis designed to stimulate public interest in savings accounts. The fact is disclosed that the percentage of persons in St. Louis keeping savings accounts is very small, compared with other sections of the country and with other cities and states in the same section.

In Massachusetts 59.07 per cent. of the population have savings accounts, and in all of New England 49.13 per cent.; in Chicago, 20.7 per cent., and in Iowa 15 per cent. St. Louis, however, shows only 8.36 per cent. of the population as having savings accounts.

This is not due to a lack of prosperity, nor to a lack of thrift; and there are certainly a number of banks and trust companies in St. Louis whose soundness and safety are beyond question, so that the indisposition to start and build up savings accounts does not arise through distrust of the city's financial institutions.

The saving habit is a plant of slow growth. In the New England States it has developed through a long course of time, helped on by the fact that the population is composed largely of wage earners, and by the fostering influence of wise laws. But while the population of St.

Louis may not have had the same schooling in thrifty habits as the New Englanders, they are no doubt saving a great deal of money—more than the figures reveal. St. Louis also has a large wage-earning population, and, as stated, the banks and trust companies are noted for their careful management.

It cannot be doubted that the places where savings are received have been made known to the wage-earners of St. Louis. Perhaps the reason that the latter do not take advantage of their opportunities is because other uses are found for their savings at more profitable rates than the banks and trust companies feel warranted in offering. The field for safe and remunerative investments is somewhat broader in the West than in the East, which to some extent accounts for the popularity of the Eastern savings banks.

SAVINGS BANK TAXATION.

IN an address before the Convention of the National Municipal League and the American Civic Association held at Sayles Hall, Brown University, November 21, 1907, Colonel Charles E. Sprague, president of the Union Dime Savings Institution of New York city, said:

"The taxation of the savings banks is a branch of the personal property tax and nothing else. It is simply taking something from the collective assets of the depositors, and this is precisely the same as taking the proportionate amount from each depositor. Thus the states, having placed the savings deposit as exempt, tax it by indirection. The true reason is that it is easily pounced upon. No unjust tax can be excused on the ground that the rate is low. Moreover, the tendency to increase a tax when once imposed is illustrated by the proposal to add ½ per cent. to the original 1 per cent. to be paid over to 'the localities wherein these banks are located.' Thus the savings bank tax, originally imposed on the plea of the need of the state itself for revenue is now to be localized as well, and, regardless of needs, the localities are to supply themselves with spending money by the simple process of drawing it from the savings banks; the state being their collecting agent.

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The person who deposits in many savings banks is performing, as the law now stands, a perfectly legal act. If this act is a public evil it should be prohibited and means provided for enforcing the prohibition; but it should not be punished by a penalty on a number of other depositors who have not been guilty of such action and could not be for lack of means. The surplus is all individual profits. It belongs to the associated depositors just as the deposits themselves belong to the individual depositors. The money to pay the tax comes out of the same safe as that used for any other disbursement. But it may make an important difference in the management of the institution whether the calculation is made upon one set of figures or another. Had the tax been imposed on the dividend instead of the undivided earnings, making it a percentage of the interest dividends credited to the depositors, the true principle of taxing according to ability would have been observed, the reservation of a reasonable surplus as a margin of safety would have been encouraged, and a basis of fact, not of opinion, for the figures of the tax would have been established. But the legislators fear the depositor as a voter, and the surplus was regarded as belonging to no one in particular, hence the individual depositor would not know that he was taxed. This whole idea of disguised taxation may be admirable for a despotism, but seems to me unsuited to a republic."

Colonel Sprague might have added that it has been judicially declared in New York that the surplus belongs to the depositors, and that a tax on the surplus is virtually a tax on deposits.

POSTAL SAVINGS BANKS.

THE movement for postal savings banks is gaining strength—due to the increased tendency of the people to rely on the Government, and to the lessening of faith in banks by the timid and ignorant.

It cannot be disputed that the recent hoarding of currency will be used as an argument in favor of postal savings banks.

MEASURE OF A GREAT MAN.

AS we have heretofore observed, Mr. Cortelyou needs no defence on our part and we have not the presumption to offer any defence for him, but we would venture the belief that however unfortunate his position may be momentarily it has not served to obscure the fact that he is the ablest and most courageous Secretary of the Treasury that has yet served his country.—*New York Sun*.

In the light of his great achievements, how pales the uneffectual fire of the fame once belonging to Hamilton, Gallatin, Chase, McCulloch, and Sherman! As for Gage and Shaw, it would be unkind, if not cruel, to institute a comparison between their ability and that possessed by the present Secretary!

A CURRENCY REFORM PLAN.

(1) Honest, straightforward dealing with currency and banking questions on the part of Congress and the Administration.

(2) The exercise of ordinary common sense in handling the public receipts and disbursements.

(3) Rescue the Treasury Department from the control of financiers and restore it to the people.

(4) Make the Secretary of the Treasury mind his own business.

*SAN FRANCISCO'S NEW BANK BUILDINGS.

BY HORATIO F. STOLL.

ONE of the most striking features of the reconstruction of San Francisco is the large number of handsome new bank buildings being erected in the burned district. At the time of the disastrous fire of April 18, 1906, every structure housing a bank—there were more than fifty—was burned and most of them were completely destroyed. Headquarters were established in private homes for a few weeks, and then, to the joy of downtown realty owners, came the announcement that

MISSION BANK.

when the banks resumed business the majority would be found in their old locations.

The task of clearing away the debris, opening streets and securing building material was so stupendous that many of the banks were compelled to open their doors amid crude surroundings—corrugated iron walls and ceilings, and rough pine or redwood counters, devoid of paint or stain. The London, Paris and American Bank, the Donohoe-Kelly

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* It will be interesting to compare with the present article the paper by Edward White on "San Francisco, Past, Present and Future," in the May, 1906, Bankers' Magazine.

HUMBOLDT STATE SAVINGS BANK.

Bank, the First National Bank, the California Safe Deposit and Trust Company, and the Anglo-California Bank, all had occupied the ground floors of handsome buildings ranging from three to six stories in height. They tore down their menacing ruins at once and within charred and disfigured first-story walls hastily constructed temporary quarters to be ready for their patrons about July 1, when the legal holidays proclaimed by the Governor were at an end, and it was deemed safe to open the vaults.

The skyscrapers, like the Union Trust Building, the Crocker Building, the Call Building, the Mutual Savings Bank Building and the Flood Building, although completely gutted by fire, were promptly made habitable for the banks. The three one-story banks, the Mercantile Trust Company, the Security Savings Bank, and the Hibernia Savings and Loan Society, were able to resume business within an incredibly short time.

But this flimsy patchwork was only of a makeshift character, and as soon as conditions became normal, the actual repair work, the selection of new sites and the planning for permanent structures began.

Within six months half a dozen notable bank buildings were started, and four long-established financial institutions decided to desert the old banking district for permanent locations along Market street, which will soon be flanked from the Ferry Building to Seventh street with sixteen banks, whose combined assets will aggregate $200,000,000. This will result in the formation of a new banking district situated on the city's main thoroughfare, and conveniently placed midway between the restored retail quarter and what is destined to be the new manufacturing and wholesale district south of Market street.

With a single exception, all the new buildings on Market street will be skyscrapers. Real estate values along the city's principal artery of traffic have not deteriorated since the fire, and, as land is held so high, most of the banks have had to consider the matter of building from the investment standpoint. For instance, the 55 by 92 lot on which the Metropolis Trust and Savings Bank's fourteen-story building is being erected, on the southwest corner of Market and New Montgomery, was purchased for $425,000, or $7,720 per front foot for the Market street frontage. The building will cost between six and seven hundred thousand dollars, making a total outlay of over a million dollars. The tall, steel framework of the bank is rapidly being hidden by concrete walls and Colusa sandstone facing; in the interior, the concrete floors and partitions have already been poured. The first floor will be occupied by the bank, the basement being fitted up especially for the safe deposit vaults and storage rooms for the benefit of the public. The interior of the bank will be finished in black and yellow Pavonazzo marble and hand-carved mahogany, fitted up with the most complete facilities for the convenient dispatch of business in all departments.

The bank does a general commercial, savings and trust business, being incorporated for all three purposes, and its facilities for handling exchange to and from all parts of the world and for travelers' credits are unsurpassed. The mezzanine floor, extending over nearly half of the first floor, will also be occupied by the bank for its clerical force and other business purposes. The exterior facing of the building will be marble for the first story and Colusa sandstone for the thirteen floors above. The interior finish above the first floor will be Oregon pine in natural colors, with bronze ornamental iron work and other metal fittings.

Directly opposite, on the northwestern corner of Post and Montgomery streets, the First National Bank is erecting an elaborate twelve-story building which will represent an outlay of one and a half million dollars. The former site of the Masonic Temple was purchased for $750,-000, and $850,000 will be lavished on the building. D. H. Burnham, the architect, hopes to make this structure the finest office building west of Chicago. It will be strictly Class A throughout, with all the steel thoroughly fireproofed with concrete, and all the 350 offices will be equipped with metal frames and sash and polished wire plate glass, which, according to tests, will resist a heat wave of 2,000 degrees. Thus fortified, the building is insured against any serious damage from conflagration. The

BANK OF CALIFORNIA.

entire exterior will be of Raymond granite and white stone. The entrance lobby and the banking departments, as well as the corridors throughout the building, will be finished in white marble.

The First National Bank and the First Federal Trust Company will occupy the first floor and mezzanine and a portion of the second floor, and the safe deposit department, consisting of 10,000 boxes, will be located in the basement. These three institutions will be equipped with high class armored steel fire and burglar proof vaults. A large force of men are at work on the massive concrete foundation, and soon the steel frame will begin to rise. A year will be consumed before the building is completed.

In addition to the Metropolis Trust and the First National Bank buildings, "Bankers' Corner," as this location has come to be known, already boasts of two stately skyscrapers which came through the earthquake and fire with flying colors. They are the Crocker Building, the most expensively constructed building of its size in the United States—the home of the Crocker-Woolworth Bank—and the Union Trust Building, soon to bear the name of the Wells Fargo Nevada National Bank, which has purchased it.

The Union Trust Company is occupying the front half of the first floor on the northeast corner of Montgomery and Market streets. As soon as the rainy season is over, work will be begun on their new building, two blocks above, on the southeast corner of Market and Grant avenue. It is to be a one-story structure, will cost half a million, and will be built of white marble, with a great center dome. Architects in all the large cities of the country are to send in competitive plans, for the directors are anxious to erect an edifice that will surpass any one-story bank building now in existence.

When the Union Trust Company vacates its present cramped quarters, the whole lower floor is to be remodeled and fitted up elaborately for the Wells Fargo Nevada National Bank, which will occupy the second floor as well. The banking room proper will have an attractive corner entrance and lobby, with the counters and grill work arranged in a horseshoe, giving a generous waste of space for the convenience and comfort of the patrons of the bank. The Wells Fargo Nevada National Bank will enter upon the ownership of this building as soon the quarter million dollar repairs are completed.

Across Market street, a half block above, the National Bank of the Pacific (now in the Claus Spreckels Building) has taken a twenty years' lease of the Market and Annie street corner of the three-million dollar Palace Hotel in course of construction. Annie street will be widened ten feet, making the street forty-five feet wide. The bank's premises will be fifty-two feet on Market street by 100 feet on Annie street. The rental for the twenty-year term is to be $396,000. In the interior of the banking-room there will be an ornamental entrance to the great safe deposit vaults (sixteen by forty feet) below, which are to be made mob, fire and burglar proof, and will have lockers for individuals and big compartments for corporations.

In a few months the Scandinavian-American Bank will have handsome quarters in the reconstructed Chronicle Building. The Mutual Savings Bank, which runs through from Market to Geary streets, has been installed for months in its former home.

On the south side of Market, near Fourth, is the Humboldt Savings Bank Building, one of the most impressive of the new skyscrapers. It has a frontage on Market street of fifty feet and a depth of 170 feet. The front tower part of the building is eighteen stories in height, the highest floor being 230 feet above the street level; the rear portion is thirteen stories high. The exterior finish of the first three stories is of stone, while the upper frontage is trimmed in terra cotta in imitation of Colusa sandstone.

The entire ground floor and basement will be occupied by the Humboldt Savings Bank. The banking-room is 50 feet in width, by a depth of 175 feet. The safe deposit vaults are the first armor plate vaults built west of Chicago. The doors alone weigh 36,000 pounds each. A

BANK OF ITALY.

particularly attractive feature will be the offices in the tower, comprising the fifteenth, sixteenth, seventeenth and eighteenth stories of the building, where a magnificent view can be obtained in every direction.

At the corner of Market and Powell streets, in the Flood Building, one of the first of the rehabilitated skyscrapers, is the Western National Bank. This flourishing institution has a lease on these quarters for another seven years. But already arrangements have been made for its future home in the Westbank Building, at the gore formed by the intersection of Market and Ellis streets at their junction with Stockton street. This splendid eight-story reinforced concrete structure is being put up by the bank as an investment, and is remarkable for having made the best record in construction of any building in San Francisco. It was started three months ago and within a fortnight will be ready for the roof. After the ground floor was finished, a story was built each week.

The triangular lot has a frontage of 160 feet on Market and 130 feet on Ellis, and covers 6,000 square feet. The building will be of pure English Gothic architecture, with an ornamental tower at the extremity of the gore. Every office will have windows on the street, and will be entered from the great rotunda, which rises through all stories from the second floor to the roof. A great stained glass skylight extending over the rotunda will flood the interior with light. There will be no gloomy corridors, and in addition to the abundant light this rotunda will afford ideal ventilation.

On the northeast corner of Market and Mason, the eight-story Mechanics' Savings Bank is making rapid progress. The first story will be occupied by the bank and the basement will be devoted to safe deposit purposes. The lobby of the building and the lobby of the bank will be made practically one by having a plate glass and bronze screen between, so that the two will appear as one. The front exterior will be stone columns for the first story and brick and terra cotta above. From the second to the eighth story, inclusive, there will be 217 offices. The building is to be completed next March and will cost in the neighborhood of $300,000. Meanwhile, the Mechanics' Savings Bank is located at Montgomery and Pine streets in a modest little one-story building erected since the fire.

The Market Street Bank, in the Grant Building, on the corner of Seventh street, and the Hibernia Savings Bank, just across the way, at the intersection of Jones, Market and McAllister streets, were among the first to open in their old homes. The Hibernia was ready for business on May 23, a few days over a month after the catastrophe. Owing to the stone-cutters' strike, which lasted several months, however, there has been considerable delay in the restoration of this beautiful one-story temple. But the recent settlement of the strike has resulted in work being pushed rapidly, and before the rainy weather begins the rich granite exterior will be replaced. This bank, by the way, is the wealthiest savings bank on the Pacific coast, its resources amounting to nearly $65,000,000.

The most notable structure in the old banking district is that of the Bank of California, on the northwest corner of California and Sansome streets, running back to Halleck street. Months were consumed in putting in the massive foundations, for in the days of '49, when the water came up to Montgomery street, this site was lapped by the waves of the bay. The piling under the old building was found to be in an excellent state of preservation, but the new structure covers more area toward the north and west. Along these lines hundreds of piles were driven, so that when they were all in place and covered by heavy cement, the piers were as strong and earthquake-proof as solid rock.

The new bank building is one-story, and, like the home of the Knickerbocker Trust Company of New York, is modeled after the Temple Jupitor Stator, of the Roman Forum. The columns are 50 feet high, the same as the old Roman columns, and the cornices and carvings are of the Roman classic style. The plinths, the biggest stones in the construction of the building, weigh nineteen tons. The columns are divided into five drums, each of which weighs fourteen tons. The material is light gray

SAN FRANCISCO'S NEW CLEARING HOUSE.

Raymond granite, one of the best building granites in America. The California street side of the building will have a colonnade of six columns standing in front of the same number of pilasters. These columns have just been put in place, and they add materially to the richness and substantial appearance of the building.

The interior of the bank will be 110 feet long, eighty feet wide and fifty feet high. A wainscoting of marble fourteen feet high will run around the room. The ceiling, which is carried by pilasters, will be in ornate Roman cornice, with heavy beams and rich panels between. The window openings will be filled in with a copper grill. The floor of the banking-room proper is to be in marble, with a marble counter, bronze grilles, and all of the furniture of metal design.

The vaults will be two stories high. A coin vault and a book vault proper are on the main floor; the storage vault for silver and old books will be in the basement. On the top of the building, hung behind the parapet wall, are rooms to accommodate the directors and the legal and land department. They will be reached by a pneumatic elevator. Pneumatic tubes will connect all the departments, and a telephone exchange, Stock Exchange ticker, and burglar alarm, messenger and watchmen's signal clocks will be installed. The building will be heated and ventilated by a force system, by which the air will be washed, dried, and blown into the room. The cost of this structure will be half a million dollars. It will be ready for occupancy next August.

ITALIAN-AMERICAN BANK

Adjoining the Bank of California, on California street, is the private banking firm of N. W. Halsey & Co. It is housed in a new reinforced concrete building, four stories in height, which is Tudor Gothic in treatment, and makes a very neat appearance.

In the same block is the Mercantile Trust Company's classic one-story building. Shortly after the fire this bank purchased fifty feet of the Selby property, adjoining the Kohl Building. It is 140 feet deep and has a frontage of twenty-two feet on Montgomery, with a depth of eighty-seven feet. The banking-room has been enlarged by placing the trust department at the back, covering the land recently acquired. In the basement the safe deposit department has also been enlarged by the construction of an immense fire and burglar proof vault, twenty-four feet by thirty-six feet. The trust department room above this vault has a beautiful glass dome roof, which enables the bank to dispense with windows or other apertures in the outer walls.

The American National Bank, the San Francisco National Bank, the California Safe Deposit and Trust Company, the Security Savings Bank, the German Savings and Loan Society, the Canadian Bank of Commerce, and the San Francisco Savings Union have all remained loyal to the old banking district, and are grouped within a block's distance from the Bank of California. The San Francisco Savings Union is located at the northwest corner of Montgomery and California streets in a three-story building that is one of the most interesting landmarks spared by

PORTUGUESE-AMERICAN BANK.

the flames. It dates back to the early fifties and was the first pretentious stone structure erected in San Francisco. The granite was imported from China and put up in San Francisco by Chinese workmen. This pioneer building stood the fire better than many of the modern buildings and with the aid of a little concrete patchwork looks as good as ever.

The Italian-American Bank Building is another striking example of how attractive a one-story building can be made. It is classic in outline and ornamented with two stately columns. The granite exterior work and the interior plastering and finishing are practically completed. The floor of the banking-room is to be of white marble. The counters, partitions, grillwork and wainscoting will be of white marble and bronze, while the coin counters, shelving and drawers will be of steel, with enamel finish.

The nine-story Bank of Italy Building, at the southeast corner of Montgomery and Clay streets, is also nearing completion. It is the only public office building in California faced with Indiana limestone. The structure is all steel and the building is absolutely fireproof and Class A in every particular. The corridors are lined with Pavonazzo marble.

Near by, on the southwest corner of Battery and Sacramento, is another attractive reinforced concrete building—the future home of the Portuguese-American Bank. The main floor and basement will be occupied by the bank by January 1, and the upper floor will be finished for office purposes.

Sutter street, from Market to Kearny, is lined with important banks, such as the London, Paris and American Bank, the Donohoe-Kelly Banking Co., the Savings and Loan Society--all in one-story shells evolved from the ruins of the old buildings--and the French-American Bank. The latter is housed in the former Bullock & Jones building, which was purchased by the bank from Mrs. Charlotte F. Clarke. From top to bottom it has been overhauled at a cost of $75,000. The height was increased from eight to nine stories, the floors reconstructed of reinforced concrete, the piers of the facade have been faced with mantel stone, and iron and copper have been substituted for all the horizontal members. The bank is occupying the ground floor, and the upper stories have been arranged for offices and lodge rooms.

Owing to the scattered business districts caused by the fire, banks are to be found in a variety of new locations. For example, Fillmore street formerly was a sleepy, unimportant thoroughfare, dead at night, with only a few stragglers on the streets. To-day it is a crowded retail center, brilliantly lighted at night and packed with a dense throng, which reminds one of Market street before the fire. The State Savings and Commercial Bank, the Citizens' State Bank, the Swiss-American Bank, and the United States National Bank are distributed along the busiest blocks.

There has also been a remarkable transformation on Van Ness avenue, on the edge of the burned district. It was formerly adorned with the homes of San Francisco's millionaires and beautiful apartment houses. Now it is the exclusive shopping boulevard, with branch offices of the California Savings and Loan Society, the Canadian Bank of Commerce, the Metropolis Trust and Savings Bank, and the Anglo-California Bank catering to the needs of the business men of this new shopping district.

Over in the Mission, where rents are comparatively cheap and the workingman holds sway, the reconstruction has been truly wonderful. The streets are built up nearly solid and a tremendous amount of business is done by the hundreds of retail stores that have sprung up as if by magic. The center of activity is Sixteenth and Mission, where the Anglo-California Bank has erected a five-story reinforced concrete building. The basement and ground floor are occupied by the bank and the four upper floors, containing forty offices, are filled with tenants. In the basement is an extensive safe deposit department and special vaults for the safe-keeping of books and documents of business men in this vicinity. The building costs about $60,000.

A half block away, on Mission and Julian, is another distinctive reinforced concrete building—the Mission Bank, which will be ready for occupancy in a few weeks. It is fifty by ninety-five feet, on the Ionic order of architecture. The exterior is faced with vast cement blocks, the front being ornamented with two beautiful columns. The entire first floor and basement are finished in decorative marble and bronze grill-work. The second floor is being divided into sixteen offices especially arranged for doctors and dentists. It will cost $90,000.

BANKERS' CORNER—INTERSECTION OF MARKET, MONTGOMERY STREETS, AND POST AND MONTGOMERY AVENUES.

(To the left is the Crocker-Woolworth National Bank; in the center is the Union Trust Co. Building, in which the Wells Fargo Nevada National Bank and the Union Trust Co. are housed; to the right the new home of the Mercantile Trust Co. is going up rapidly. In the foreground is the massive foundation work for the $3,000,000 Palace Hotel, in which the National Bank of the Pacific is to be located. On Montgomery street, between the Crocker-Woolworth and Union Trust Buildings, the First National Bank will be built.)

The foregoing summary will give one a good idea of the remarkable headway made by the banks of San Francisco despite the disastrous labor troubles. Quite a number of banks have prepared plans for permanent homes, but they have decided to defer building until the price of labor and building materials drops to a more normal figure and the rehabilitation of the downtown district is more complete.

In conclusion, I must not forget to say a few words about San Francisco's new clearing-house. Three months ago it was installed in the

E. W. Hopkins' reinforced concrete building, at the northwest corner of Pine and Leidersdorff streets, which is considered the most artistic example of this new method of construction in this city. Its exterior is in the Italian Renaissance, highly ornamented with allegorical heads, and effective panel and cornice work, which proves the contention of the concrete enthusiasts that any design that can be modeled in wax or clay can be duplicated in cement. The lower floor, occupied by the clearing-house, is adorned with ten Doric columns and a series of huge windows, which make the lighting especially fine. The clearing rooms are fitted

MONTGOMERY STREET AS IT LOOKED WHEN THE BANKS OPENED.

(The Mills Building is in the middle background. The Donohoe-Kelly Banking Company is occupying the lower floor of what was formerly a wing of the five-story Occidental Hotel.)

up in rich mahogany and bronze grillwork, and the desks are so arranged that Teller Sleeper, from a sort of raised rostrum, is able to survey the whole room at a glance.

The Hopkins Building is unfortunate in one respect—it has the huge Merchants Exchange Building for a background. For although it is seven stories high, it looks very insignificant and small when viewed from across the street or even a block away. All one can see is a modest white structure dwarfed by an immense skyscraper in the background. When the immediate vicinity is more closely built up, however, this beautifully proportioned building will doubtless show off to better advantage.

San Francisco, November 7, 1907.

GOVERNMENT RELIEF FOR THE MONEY MARKET.

"Panama Canal" Bond Issue.
Treasury Department.
Office of the Secretary.
Washington, Nov. 18, 1907.

THE Secretary of the Treasury offers to the public $50,000,000 of the bonds of the Panama Canal loan authorized by section 8 of the act approved June 28, 1902, and supplemented by section 1 of the act of December 21, 1905. Both acts are quoted below.

The bonds will bear interest at the rate of 2 per cent. per annum; will be dated August 1, 1906, and the interest will be paid quarterly on the first days of November, February, May and August. They will be issued in denominations of $20, $100, and $1,000 of coupon bonds and of $20, $100, $1,000 and $10,000 of registered bonds. They will be redeemable in United States gold coin at the pleasure of the United States after ten years from the date of their issue and will be payable thirty years from such date. They will be exempt from all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal or local authority. They will be available to national banks as security for circulating notes upon the same terms as the 2 per cent. consols of 1930—to wit, the semi-annual tax upon circulating notes based upon the said bonds as securities will be one-fourth of 1 per cent. They will be receivable like all other United States bonds as securities for public deposits in national banks.

The law forbids their sale at less than par and provides that all citizens of the United States shall have equal opportunity to subscribe therefor.

In pursuance of the above announcement the Secretary invites bids for the bonds heretofore described, which must be submitted to this Department on or before the 30th day of November, 1907. Each bid should state the amount of bonds desired by the subscriber, whether coupon or registered, the price he is willing to pay and the place where he desires to make payment—whether at the Treasury of the United States or at the office of some one of the Assistant Treasurers at New York, Baltimore, Philadelphia, Boston, Chicago, St. Louis, Cincinnati, New Orleans or San Francisco. All bids should be addressed to the Secretary of the Treasury, Division of Loans and Currency, and the envelopes enclosing them should be plainly marked "Bids for Panama Canal Bonds."

Upon receipt and classification of the bids hereby invited the successful bidders will be advised of the acceptance of their bids and they will be instructed as to the date upon which payment is desired to be made at the Treasury or some Sub-Treasury of the United States.

In considering bids the bidders offering the highest prices will receive the first allotments. Of two or more bidders offering the same price those asking for the smaller amounts of bonds will receive priority in allotment. The Department reserves the right to permit bidders offering the highest prices to increase the amount of their purchases.

For the sake of uniformity the bonds will be dated August 1, 1906, which is the date of the outstanding Panama Canal bonds, but interest on the bonds of this issue will begin November 1, 1907, and bidders will be required to pay accrued interest on their bonds from that date to the date of payment.

The Department also reserves the right to reject any or all bids if deemed to be to the interests of the United States so to do. The bonds will be ready for delivery upon receipt of payment therfor.

Prospective bidders desiring information not contained in this circular may address the Secretary of the Treasury, Division of Loans and Currency, Washington, D. C., or the Assistant Treasurers at Chicago, St. Louis, New Orleans or San Francisco.

GEORGE B. CORTELYOU, Secretary.

LAW UNDER WHICH THE SECRETARY ACTS.

Appended to the circular are the sections of the laws which authorize the issues. These sections are:

Section 8 of act approved June 28, 1902:

That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time as the proceeds may be required to defray expenditures authorized by this act (such proceeds when received to be used only for the purpose of meeting such expenditures), the sum of $130,000,0000, or as much thereof as may be necessary, and to prepare and issue therefor coupon or registered bonds of the United States in such form as he may prescribe, and in denominations of $20 or some multiple of that sum, redeemable in gold coin at the pleasure of the United States after ten years from the date of their issue, and payable thirty years from such date and bearing interest payable quarterly in gold coin at the rate of 2 per cent. per annum; and the bonds herein authorized shall be exempt from all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal or local authority; provided, that the said bonds may be disposed of by the Secretary of the Treasury at not less than par under such regulations as he may prescribe, giving to all citizens of the United States an equal opportunity to subscribe therefor, but no commissions shall be allowed or paid thereon; and a sum not exceeding one-tenth of 1 per cent. of the amount of the bonds herein authorized is hereby appropriated out of any money in the Treasury not otherwise appropriated to pay the expense of preparing, advertising and issuing the same.

Section 1 of the act approved December 21, 1905:

* * * That the 2 per cent. bonds of the United States authorized by section 6 of the act entitled "An act to provide for the construction of a canal connecting the waters of the Atlantic and Pacific oceans," approved June 28, 1902, shall have all the rights and privileges accorded by law to other 2 per cent. bonds of the United States, and every national banking association having on deposit, as provided by law, such bonds issued under the provisions of said section 8 of said act, approved June 28, 1902, to secure its circulating notes shall pay to the Treasurer of the

United States in the months of January and July a tax of one-fourth of 1 per cent. each half year upon the average amount of such of its notes in circulation as are based upon the deposit of said 2 per cent. bonds; and such taxes shall be in lieu of existing taxes on its notes in circulation imposed by section 5214 of the Revised Statutes.

Offer of $100,000,000 Interest Bearing Notes.

This is the circular concerning subscription offers for the certificates of indebtedness:

Treasury Department.
Office of the Secretary.
Washington, Nov. 18, 1907.

The Secretary of the Treasury offers to the public at par and accrued interest from November 20, 1907, $100,000,000 of the certificates of indebtedness authorized by Section 32 of the act of June 13, 1898.

The certificates will be issued in denominations of $50. They will be payable to bearer; will be dated November 20, 1907, and will bear interest at the rate of 3 per cent. per annum, payable with the principal sum on and after November 20, 1908, on presentation of the certificates for redemption at the office of the Secretary of the Treasury, Division of Loans and Currency.

Subscriptions will be received by the Secretary of the Treasury direct or through the Treasurer of the United States and the Assistant Treasurers, located at New York, Baltimore, Philadelphia, Boston, Chicago, St. Louis, Cincinnati, New Orleans and San Francisco, beginning on November 18 and continuing at the discretion of the Secretary of the Treasury.

In order that the certificates may be properly distributed throughout the country $50,000,000 will be allotted by the Secretary in his discretion on offers of subscriptions addressed to him, and the remaining $50,000,000 will be allotted through the several assistant treasurers authorized to receive subscriptions at the following points: San Francisco, New Orleans, St. Louis, Chicago, Cincinnati, Boston, Baltimore, Philadelphia and New York, and through the Treasurer of the United States at Washington.

Each subscriber to whom certificates have been allotted may pay in at the Sub-Treasury nearest the point of subscription on or before December 10, 1907, the face value of the amount of the certificates named in the allotment, together with accrued interest at the rate of 3 per cent. per annum from November 20, 1907, to the date of payment.

Allotments will be made as rapidly as possible, and for such subscriptions as are made immediately the Secretary of the Treasury is prepared to deliver temporary receipts bearing interest from November 20, 1907, pending the delivery of the fifty dollar engraved certificates.

George B. Cortelyou, Secretary.

Authority for Issue of Notes.

As the above circular says, the authority for the issue of these certificates is found in section 32 of the act of June 13, 1898. That act was the war revenue measure to provide means to conduct the war with Spain, and while most of it was repealed section 32 was allowed to stand on the statute books. Section 32 is as follows:

That the Secretary of the Treasury is authorized to borrow from time to time, at a rate of interest not exceeding 3 per cent. per annum, such sum or sums as in his judgment may be necessary to meet public expenditures and to issue therefor certificates of indebtedness in such form as he may prescribe and in denominations of $50 or some multiple of that sum; and each certificate so issued shall be payable, with interest accrued thereon, at such time, not exceeding one year from the date of its issue, as the Secretary of the Treasury may prescribe;

Provided, that the amount of such certificates outstanding shall at no time exceed one hundred millions of dollars.

REGULATING THE CURRENCY.

WM. J. BRYAN, probable Democratic candidate for President, recently made this statement:

"So far as the elasticity of the currency is concerned I believe that the Government and not the banks should issue emergency currency so that the quantity issued in the emergencies would be controlled by officials responsible to the people and not by financiers, who would be tempted to act for their own interest rather than the interest of the public."

Against this crude idea—and it is so crude that no one who has ever given the bank note question any serious study could possibly be the author of it—we desire to set the opinion of the late President James A. Garfield:

"There never did exist on this earth a body of men wise enough to determine by any arbitrary rule how much currency is needed for the business of a great country. The laws of trade, the laws of credit, the laws of God impressed on the elements of this world are superior to all legislation. * * * It is the experience of all nations, and it is the almost unanimous decision of all statesmen and financial writers, that no nation can safely undertake the supplying of its people with a paper currency issued directly by the officers of the Government."

We are suffering to-day, and will continue to suffer, until the system is changed, from allowing the Secretary of the Treasury to attempt what General Garfield truly declared to be an impossibility.

The Government does not regulate the supply of meat, but takes precautions to see that its quality is good. Precisely the same course should be taken with respect to bank notes. Only the banks—acting individually, or possibly through the clearing-houses can exercise any intelligent regulation of the supply of currency. No individual and no board, composed of statesmen, financiers or anybody else—can possibly know anything about how much currency the people want.

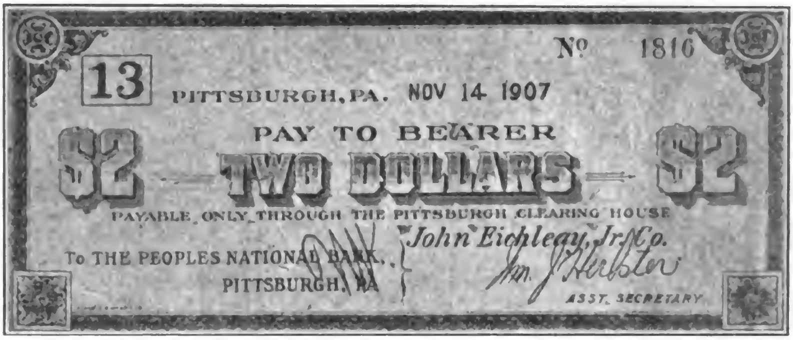
Mr. Bryan shows that he is just as unsafe a financial leader as ever—worse, if possible, than the Republicans who are responsible for saddling the country with nearly a billion dollars of what is really Government paper, and actually perpetuating the public debt in order to do it.

A REAL EMERGENCY CURRENCY.

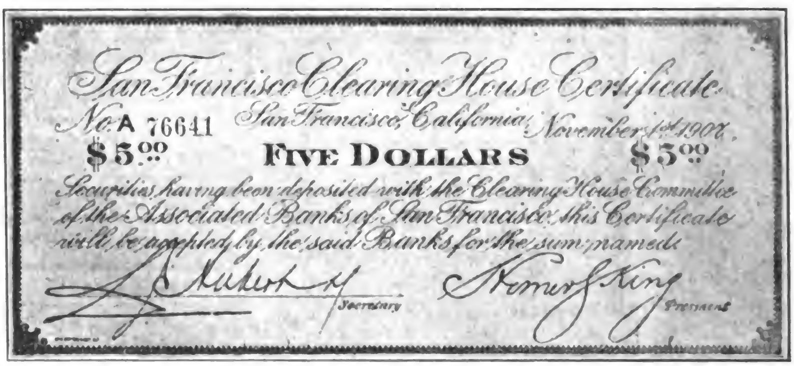
WITHOUT awaiting legal sanction—in fact, in the face of express statutory prohibitions—the country has lately been supplied with an abundance of "checks" and "clearing-house certificates," constituting a real emergency currency.

These "checks" and "certificates" are essentially bank notes, and are intended to circulate as money, and do so circulate.

In New York, and in a few of the other large cities, the only extra device resorted to in carrying the banks through the monetary crisis, was the issue of clearing-house loan certificates, based upon the deposit of



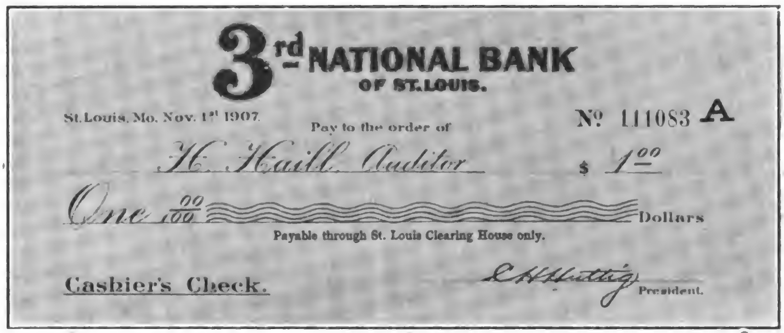
PITTSBURG'S EMERGENCY CURRENCY.



SAN FRANCISCO'S "CLEARING-HOUSE CERTIFICATES."

approved collateral with the clearing-house. These loan certificates are in large denominations, and are to be used only among banks members of the clearing-house in settlement of balances. They also bear interest, thus insuring their early retirement. But in Chicago, St. Louis, Pittsburgh, San Francisco—and generally throughout the country—have been issued "checks" or "certificates" in denominations of one dollar and upwards. These instruments, also, are secured by the deposit of securities with the clearing-house, and their safety may therefore be regarded as beyond question. The checks and certificates, of which some illustrations are given herewith, have undoubtedly been the means of saving the country from an absolute collapse of its credit machinery. The banks have saved the situation by resorting to extra-legal expedients.

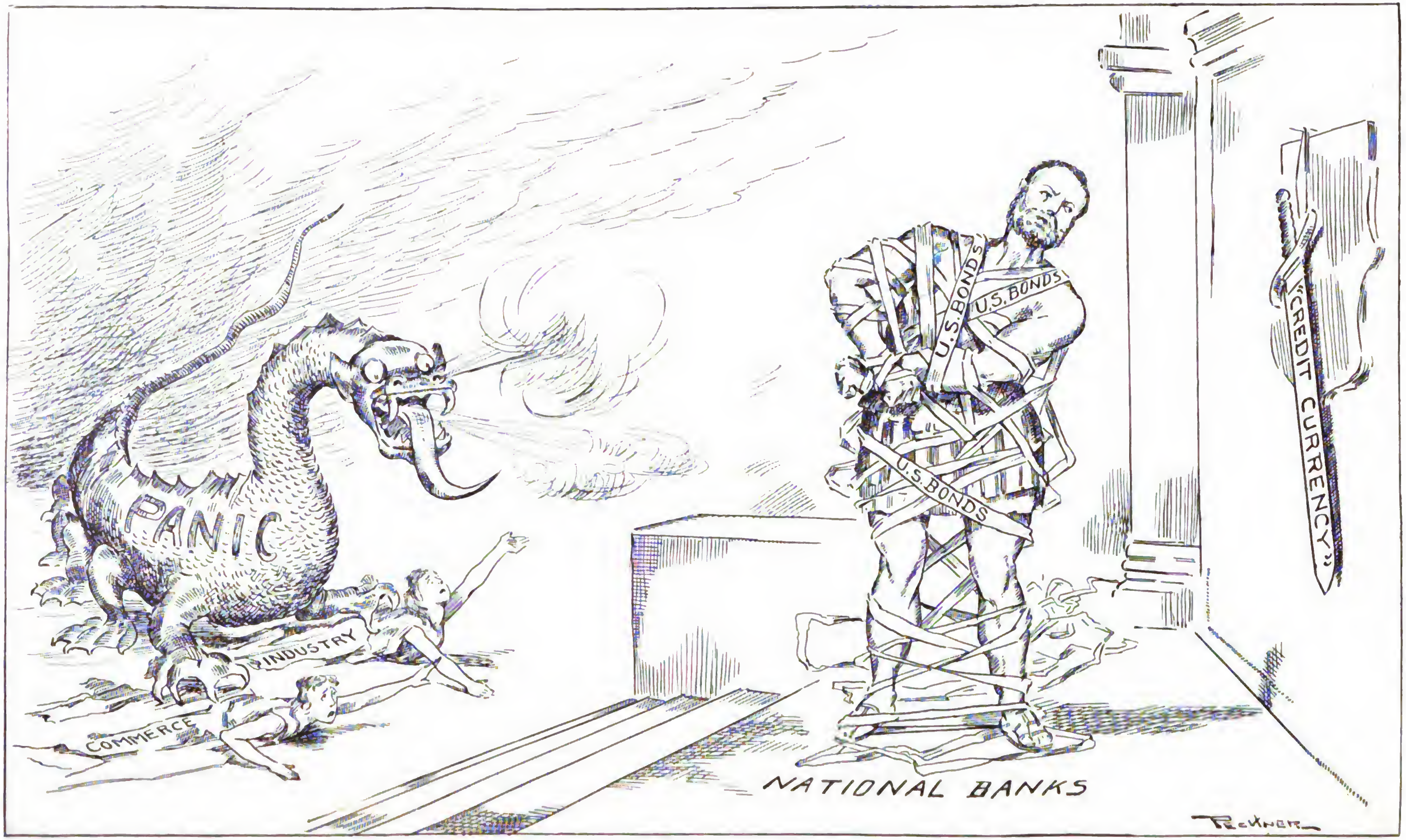
CASHIER'S CHECK USED IN ST. LOUIS.



ANOTHER SPECIMEN OF ST. LOUIS CASHIER'S CHECK.
(This is endorsed: Pay to Bearer, H. Haill, Auditor.)

CHECKS EMPLOYED IN CHICAGO.
(On the back of this appears the words: "This check does not require endorsement." The original looks and feels like currency.)

If the clearing-houses of the United States were incorporated, and the issue of an emergency circulation properly regulated, this useful means of protecting the banks and the public from the disastrous consequences of financial panic would be relieved of some of the perils that now surround it.



A POWERLESS DEFENDER.

EMERGENCY CURRENCY.

"Hello, Dinny, you look prosperous—got a job now?" "You bet, an' it's a good one!" "What is it?" "Gettin' in early on de bank runs, an' selling me place in de line."—*Life.*

+

The shades of night were falling fast
When through the murky streets there passed
A man who bore 'mid snow and ice
A bonnet bought at marked-down price;
He hurried on to wife and home
As hurry men who would not roam;
The street cars passed him one by one,
But he walked as though it were fun.
"Alas," in gloomy tones he sighed,
"Indeed, I should be glad to ride,
But now my purse is made a wreck—
And street car men won't take a check!"

—*Chicago Evening Post.*

+

"You wouldn't suspect that poorly dressed man over there of having been in Wall Street 22 years."

"He certainly doesn't look it."

"Well, he has; he keeps an apple stand there."—*Pittsburg Press.*

+

This impaired circulation is giving the country cold feet.—*Indianapolis Star.*

+

I have no money in the bank
  And none in bonds or stocks,
I'm sorry to be forced to add
  I have none in my socks.

—*Chicago Record-Herald.*

+

These are days of substitution,
  That is plainly understood;
Though we have no coin, the grocer
  Finds our pay checks just as good.

—*Detroit Free Press.*

+

"De boss give me a clearing-house check."

"Fer how much?"

"Fer nuttin'. It was me walking papers."—*Detroit Free Press.*

"What's the cause of the excitement?" asked the man who was being jostled by the crowd in front of the big department store.

"Somebody inside just yelled, 'Cash,'" replied the innocent bystander. —*Chicago Record-Herald.*

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Behold what changes here are wrought
Beneath the spell of gold!
All vainly is the motto sought
Which we have known of old!

And liberty's great goddess fair,
Once sweet with simple cheer,
Is wearing feathers in her hair,
And on her face a sneer!

Our honored eagle likewise brings
His share of strange regrets—
They've decked his ankles up in things
That look like pantalettes!

—*Washington Star.*

+

That $100,000,000 bond issue looks as if some of us were trusting in God, anyway.—*Baltimore Sun.*

THE NEW BANKING AND CURRENCY COMMITTEE.

FOLLOWING are the members of the Banking and Currency Committee of the Sixtieth Congress:

Republicans—Charles N. Fowler, New Jersey, chairman; George W. Prince, llinois; William A. Calderhead, Kansas; Llewellyn Powers, Maine; Henry McMorran, Michigan; Capell L. Weems, Ohio; George D. McCreary, Pennsylvania; Joseph R. Knowland, California; George E. Waldo, New York; Theodore E. Burton, Ohio; Everis A. Hayes, California, and John W. Weeks, Massachusetts.

Democrats—Elijah B. Lewis, Georgia; Arsene P. Pujo, Louisiana; Carter Glass, Virginia; Oscar W. Gillespie, Texas; Ollie M. James, Kentucky; William T. Crawford, New Jersey, and John G. McHenry, Pennsylvania.

SMALL CHOICE OF ROTTEN APPLES.

REPUBLICAN performance: A billion dollars of Government paper "money."

Democratic promise: Free and unlimited coinage of silver at the ratio of 16 to 1.

ALL BOOKS MENTIONED IN THESE NOTICES WILL BE SUPPLIED AT THE PUBLISHERS' LOWEST RATES BY THE BANKERS PUBLISHING COMPANY, 90 WILLIAM STREET, NEW YORK.

AMERICAN LITERATURE.

IF we exclude Mr. Twain, Mr. Howells, and Mr. Stedman—who seem to belong more to the nineteenth century than to the twentieth —where shall we find in the literature of America to-day one name of the first rank? When we consider that Poe, Hawthorne, Bryant, Lowell, Emerson, Longfellow, Whittier and Holmes were contemporaries, the poverty of the present day becomes all the more striking. It is easy to ascribe this decadence in our literature to the blight of "commercialism" which, according to some critics, has played such havoc with many of our ideals. Yet it would probably be a mistake to suppose that this spirit has so permeated the masses of the people that they are indifferent to good literature. We can blame the publishers, and charge them with viewing every book which they bring out purely in the light of a money speculation—and there might be some truth in the charge.

But, after all, is not the true explanation to be found elsewhere? Is not the decline in the quality of our literature due to the comparatively sudden and almost universal spread of the reading habit, compelling authors and publishers to cater to millions where they once had an audience of hundreds, or possibly of thousands? The spread of education, which has gone on more rapidly in the United States in the last half century than ever before witnessed in the world within the same period, has multiplied the number of readers enormously, and in proportion to the whole number who demand literature of some sort, the number of persons of taste and culture has declined. When those who read acquire discrimination, the standard of our literature will again improve. Ten years hence those who are now reading the works of Thomas Dixon, Jr., may be reading George Eliot.

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THE LIFE OF CHARLES A. DANA. By James Harrison Wilson, LL.D., late Major-General U. S. V. New York: Harper & Bros.

Of the American editors who have permanently impressed their individualities upon the time in which they lived and who have helped to shape American history, none, unless we except Mr. Greeley, has been more influential than the subject of this biography.

Among the present generation Mr. Dana is remembered as the editor of the New York "Sun;" but his work as managing editor of the

"Tribune," under Greeley, and as Assistant Secretary of War, under Stanton, was vastly more important. It was while he was connected with the "Tribune" that the great anti-slavery conflict was being waged, and Mr. Dana's influence on the side of human freedom was not less powerful than that of his more famous chieftain. In his later years Mr. Greeley became somewhat querulous, and no doubt Mr. Dana's aggressiveness grew irksome. At any rate, the latter resigned.

Soon after leaving the "Tribune" Mr. Dana was appointed second Assistant Secretary of War—an appointment which was afterwards recalled because the new official told of his good fortune prematurely, as Secretary Stanton thought. But Dana soon entered the national service, and was sent out as a special commissioner with the Union forces where, as "the eyes of the Government," he was of immense value to the Administration. He was among the first to recognize Grant's military ability, and unquestionably was instrumental in bringing it to the attention of Lincoln and Stanton. Subsequently Mr. Dana became Assistant Secretary of War, and served in this capacity until July 1, 1865, when he resigned and went to Chicago, where he became editor of the "Daily Republican." In 1867 or 1868 he bought an interest in the New York "Sun," becoming editor of that paper, and so continued until his death, October 17, 1897.

Dana had a high opinion of Grant's military ability, and this he maintained throughout his life. But he became one of Grant's strongest political foes. It has been intimated that this hostility was due to the fact that Grant failed to appoint Mr. Dana Collector of Customs at New York. General Wilson says, however, that this appointment was never asked by Dana, though some of his friends favored it. The fact seems to be that political parasites had attached themselves to Grant's administration, and that Dana believed that the President was far too complaisant in his treatment of them.

Mr. Dana was a journalist of great ability—a cultivated gentleman, belonging to the time when men like William Cullen Bryant occupied and graced the editorial chair. He was the friend of education, of liberty and of free speech. His political course was not always consistent; sometimes it bordered on buffoonery, as it did in his support of "Widow Butler" for President. He admired Blaine's Americanism, but opposed his political aspirations. He believed in the enfranchisement of the freedmen, but raised the cry of "no Negro domination."

General Wilson lays much stress on Mr. Dana's kindly disposition, and his charitable judgment even of those whom he disliked. Yet the great editor was not always so mild-mannered as his friendly biographer paints him. Who, that has a memory, does not recall the lines on Grant:

> "Shall Tanyard Tippler from the West
> Assume the crown that Caesar wore;"

and the editorial lashing Cleveland, describing his fleering face taking refuge behind a woman's skirts; also the editorial on "The Walloon Bird?" These productions, and others that could be cited, show that on occasion Mr. Dana was not exactly an apostle of sweetness and light. But he was open in his antagonisms, and at all times and under all circumstances a brave, patriotic, manly American. An accomplished literary man, he was also a man of great practical sense, possessing sound judgment of policies, of men and of business enterprises. He had a cultivated taste in literature and art, a keen sense of humor, and was as sound physically as he was sane mentally.

It has sometimes been said that Mr. Dana was the last group of the great triumvirate of editors (Greeley and Raymond being the other two) who represented "personal journalism." Of this phase of his work, he said: "Whenever, in the newspaper profession, a man rises up who is original, strong and bold enough to make his opinions a matter of consequence to the public, there will be personal journalism; and when newspapers are conducted only by commonplace individuals whose views are of no consequence to anybody, there will be nothing but impersonal journalism."

Mr. Dana's course in respect to the currency and the public credit may be inferred from the following declaration, made in March, 1868: "If we mean to be honest at all, there is no escaping payment in specie. Anything else is repudiation, disguise it as we may." He also vigorously opposed the free coinage of silver, proposed by the Democratic party in 1896.

In dignity, clearness and force, General Wilson's narrative is worthy of his subject, and we should like for every young man to read this faithful record of the life of this typical American, for it is more than a biography—it is a history of stirring times.

The prominence lately gained by socialistic agitation will lend interest to the following, written by Mr. Dana on the death of George Ripley, who was at the head of the Brook Farm experiment:

"The community of Brook Farm lasted about five years, and was finally dissolved in consequence of the destruction by fire of its most important and costly building. But if this disaster had not occurred, it must presently have come to an end. The plan was too large for the means, the profits were insufficient, and the friction was too great. It contained at the time about one hundred inmates, including school teachers, mechanics, business men, farmers and pupils. In pursuance of the attempt towards a more just retribution for labor, all employments were paid substantially alike; and thus persons who in the world without could earn large salaries received no more than those who could only earn small ones; but the great difficulty was, that enough could not be earned for all the needs of the establishment.

The world is not yet ripe for social democracy.

Yet it is not too much to say that every person who was at Brook Farm for any length of time has even since looked back upon it with a feeling of satisfaction. The healthy mixture of manual and intellectual labor, the kindly and unaffected social relations, the absence of everything like assumption or servility, the amusements, the discussions, the friendships, the ideal and poetical atmosphere which gave a charm to life, all these combine to create a picture towards which the mind turns back with pleasure as to something distant and beautiful, not elsewhere met with amid the routine of this world. In due time it ended and became almost forgotten; and yet it remains alive, and the purposes that inspired it still dwell in many minds. In the case of Mr. Ripley, they remained as the soul of his philosophy, the sure and steady light which lighted up the dark places of thought and action. He was a socialist and a democrat to the last.

The same is doubtless true of others who were with him, and who have since been scattered in the ordinary plains and byways of existence. The faith of democracy, the faith of humanity, the faith of mankind, are steadily growing towards a society not of antagonisms, but of concord; not of artificial distinctions, but of spiritual development towards a society commanding the forces of external nature and converting the earth into an abode of peace and beauty, excelling the mythical Eden of old; this we say still lives among men. The mortal remains of one of them are to-day committed to the earth, but the faith survives immortal and consoling.

'One God, one law, one element,
And one far-off divine event,
To which the whole creation moves.'"

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SIN AND SOCIETY: AN ANALYSIS OF LATTER-DAY INIQUITY. By Edward Alsworth Ross, Professor of Sociology in the University of Wisconsin; with a letter from President Roosevelt. (Price, $1.00.) . Boston and New York: Houghton, Mifflin & Co.--$2.00.

Great books, like great men, are products of stirring times. The warfare which society will be called on to wage to rescue industry and commerce from the grasp of the gentlemanly pirate, the princely swindler and the murderer who does his work wholesale, must proceed along sane lines. We needed first of all an accurate definition of the problem itself. And this we have in "Sin and Society."

Professor Ross wastes no tears over the sinners, nor does he even ask them to repent. He appeals not to the heart, but to the mind, and seeks solely to influence men in their attitude towards the conduct of others. He would have us execrate the well dressed respectable financier who robs by means of tricky schemes as well as the pickpocket who goes about his business more directly; the steamboat company that slays thousands through its negligence as well as the highwayman who may have but a single victim; the dummy director as well as the wife beater. He says: "The darling sins that are blackening the face of our time are incidental to the ruthless pursuit of private ends. * * * The victims are sacrificed not at all from personal ill-will, but because they can serve as pawns in somebody's little game. * * * The sinister opportunities presented in this webbed social life have been seized unhesitatingly, because such treasons have not yet become infamous. The man who picks pockets with a railway rebate, murders with an adulterant instead of a bludgeon, burglarizes with a 'rake-off' instead of a jimmy, cheats with a company prospectus instead of a deck of cards, or scuttles his town instead of a ship, does not feel on his brow the brand of a malefactor. The shedder of blood, the oppressor of the widow and fatherless, long ago became odious, but latter day treacheries fly no skull-and-crossbones flag at the masthead. * * * To-day the sacrifice of life incidental to quick success rarely calls for the actual spilling of blood. How decent are the pale slayings of the quack, the adulterator, and the purveyor of polluted water, compared with the red slayings of the vulgar bandit or assassin! Even if there is blood-letting, the long-range, tentacular nature of modern homicide eliminates all personal collision. What an abyss between the knife-play of brawlers and the law-defying neglect to fence dangerous machinery in a mill, or to furnish cars with safety-couplers! The providing of unsuspecting passengers with 'cork' life-preservers secretly loaded with iron to make up for their deficiency in weight in cork, is spiritually akin to the treachery of Joab, who, taking Amasa by the beard 'to kiss him,' smote Amasa 'in the fifth rib;' but it wears a very different aspect. *The current methods of annexing the property of others are characterized by a pleasing indirectness and refinement.* The furtive, apprehensive manner of the till-tapper or the porch-climber would jar disagreeably upon the tax-dodger 'swearing off' his property, or the city official concealing a 'rake-off' in his specification for a public building. The work of the card-sharp and thimblerigger shocks a type of man that will not stick at the massive 'artistic swindling' of the contemporary promoter. * * * Unlike the old-time villain, the latter-day malefactor does not wear a slouch hat and comforter, breathe forth curses and an odor of gin, go about his nefarious work with clenched teeth and an evil scowl. * * * The modern high-power dealer of woe wears immaculate linen, carries a silk hat and a lighted cigar, sins with a calm countenance and a serene soul, leagues or months from the evil he causes. Upon his gentlemanly presence the eventual blood and tears do not obtrude."

You are now prepared for the following:

"It is the great-scale, high-voltage sinner that needs the shackle. To strike harder at the petty pickpocket than at the prominent and unabashed person who in a large, impressive way sells out his constituents, his followers, his depositors, his stockholders, his policy-holders, his subscribers, or his customers, is to 'strain at a gnat and swallow a camel.'"

It is declared to be no paradox "but demonstrable fact, that, in a highly articulate society, the gravest harms are inflicted, not by the worst men, but by those with virtues enough to boost them into some coign of vantage. The boss who sells out the town and delivers the poor over to filth, disease, and the powers that prey, owes his chance to his engaging good-fellowship and big-heartedness. Some of the most dazzling careers of fraud have behind them long and reassuring records of probity, which have served to bait the trap of villainy."

Society's attitude towards different classes of sinners is thus illustrated:

"The fiend who should rack his victim with torments such as typhoid inflicts would be torn to pieces. The villain who should taint his enemy's cup with fever germs would stretch hemp. But—think of it!—the corrupt boss who, in order to extort fat contracts for his firm, holds up for a year the building of a filtration plant designed to deliver his city from the typhoid scourge, and thereby dooms twelve hundred of his towns-people to sink to the tomb through the flaming abyss of fever, comes off scatheless."

Professor Ross gradually comes to his remedy. "At the present moment," he says "nothing would add so much to the security of life in this country as stern dealing with patent-medicine dispensers, the quack doctors, the adulterators, the jerry-builders, the rookery landlords, and the carrying corporations. These escape, however, because the community squanders the vials of its wrath on the old-style, open-air sinner, who has the nerve to look his victims in the face as he strikes."

The great enemies of society are thus pointed out:

"A dense population lives in peace by aid of a protecting social order. Those who rack and rend this social order do worse than hurt particular individuals; they wound society itself. The men who steal elections, who make merchandise of the law, who make justice a mockery, who pervert good custom, who foil the plain public intent, who pollute the wells of knowledge, who dim ideals for hire—these are, in sober truth, the chiefest sinners. They are cutting the guy ropes that keep the big tent from collapsing on our heads. They should be the first to feel the rod. To spare them because such sins furnish no writhing victim to stir our indignation, is as if a ship's passengers should lynch pilferers, but release miscreants caught boring with augurs in the vessel's bottom."

Professor Ross tells us that these gentlemanly buccaneers (whom he calls "criminaloids") want nothing more than we all want—money, power, success; but he says that they are in a hurry and are not particular as to means. He happily describes the easy, good-natured disposition of the criminaloid, his "patriotism," respectability, and ostentatious philanthropy. The criminaloid knows, says the author, "that the giving of a fountain or a park, the establishing a chair on the Neolithic drama or the elegiac poetry of the Chaldaeans, will more than outweigh the dodging of taxes, the grabbing of streets and the corrupting of city councils."

The author relies largely upon the corrective power of public opinion. "If only we can bring it to bear," he says, "the respect or scorn of the many is still an immense asset of society in its struggle with sinners," but we must renounce certain false notions which now hinder the proper grilling of sinners. "The supreme task of the hour is to get together and build a rampart of moral standard, statute, inspection, and publicity, to check the onslaught of internal enemies."

The remedy for corporate wrong-doing Professor Ross gives is this: "The directors of a company ought to be individually accountable for every case of misconduct of which the company receives the benefit, for every preventable deficiency or abuse that regularly goes on in the course of the business." What may be done by publicity, inspection and regulation, is thus instanced:

"Already in banking we see a business, once the happy hunting ground of swindlers, which, by regulation, has come to be a field for honorable men." "Sin and Society" is a great book. It gives us a correct likeness of the modern financial pirate, and places the responsibility for his prosperity where it belongs—upon society itself.

THE RAID ON PROSPERITY. By James Roscoe Day, LL.D., D. C. L., Chancellor of Syracuse University. (Price $1.50.) New York: D. Appleton & Co.

We thought it must come at last—a defense of "swollen fortunes," "tainted money," Standard Oil, etc., etc. And it is so courageous, bold and able that we wonder what Doctor Day could do if he had a good client.

In his description of changed business conditions and the necessity for the corporate form of organization, of great combinations, even of trusts, Doctor Day seems to be on solid ground, as he is in saying: "Much of the evil that has grown up in the corporate forms has been due to the conflict between them and the inimical forces that have opposed and embarrassed them in legislatures, newspaper agitation, and popular clamor."

The corporations have been the meat upon which the political boss has fed, and the people have looked on complacently, rather enjoying the spectacle.

We believe, however, that the author is wrong in asserting that the agitation is against all corporations, and also in the following:

"In no part of the world, in no period of history, has there ever been excited such unjust hatred of the rich and such an effort to embarrass the accumulation of great fortunes."

There are many thousands of corporations in this country against which no prejudice exists, and "hatred of the rich" is merely a high-sounding phrase. The "prejudice" applies only to the dishonest corporation and to those who would acquire riches by devious methods.

Again:

"The business honor of our country is marvellous. It is the world's highest range of commercial integrity. But some solitary low level of railway manipulation or some careless small meat packer or some rebate justified by the practices of a generation is seized upon as the measure of our honor and the type of our character."

On the contrary, are we not in danger of being judged by the "solitary" railway manipulation or the "carelessness" of some "small meat packer?"

What worse example of special pleading could there be than this:

"Our railroads are surpassed by none in the world, except so far as regards loss of life through accident. The remedy for that is to permit the roads to earn enough to pay for the installation of expensive safety systems."

And when they have been unhampered, have they shown any disposition to install "expensive safety systems?" Have not most of these systems—even the simplest—been installed as the result of legal compulsion? One of the great railway companies in New York city used oil lamps in its cars until forced by the legislature to adopt a more modern system of lighting.

Doctor Day's defense is lucid and able, but not judicial or fair at all points. He sees the tyranny of the labor unions, but is blind to the tyranny of the trusts. His defense of Standard Oil verges on sycophancy.

He wants investigation to stop. Really, would any lover of his country wish to see such conditions as were revealed by the traction investigation in New York remain undisturbed? Must prosperity be purchased at such a price? If so, we had better relapse into the rude simplicity of the pastoral age.

The quotation from Macaulay, favoring class rule, seems unfortunate. We can discern no signs of inability on the part of the people to govern themselves.

Doctor Day might add a chapter, proving the traction magnates in New York to be great public benefactors. We think they are, but can't prove it.

What fun there would be if Tom Lawson and Doctor Day could be prevailed on to engage in a joint debate, Mr. Lawson appearing as prosecutor of "The System" and Doctor Day as counsel for the defense!

Doctor Day has made an able and brilliant plea in behalf of the princely malefactors; but it will not avail. The people have determined that the gigantic swindles perpetrated under the guise of "high finance" shall stop. There may be difference of opinion as to wisdom of methods, of the timeliness of agitation; but in respect to the end to be attained all good men, of whatever party, are of one mind.

"The Raid on Prosperity" would make an excellent campaign text-book for "the interests," and we cordially recommend it to their attention.

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Poet's Country. Edited by Andrew Lang. Contributors: Professor J. Churton Collins, E. Hartley Coleridge, W. J. Loftie, F. S. A., Michael Macmillan and Andrew Lang; with fifty illustrations in color by Francis S. Walker. Philadelphia: J. B. Lippincott Company.

Who would not be glad to visit the scenes hallowed by the famous British poets, in the company of such excellent guides? That is the rare pleasure which this beautiful book affords. The fifty superb illustrations, in colors, are copies of paintings, representing places associated with the poets, either through their lives or scenes that are supposed to be sources of their inspiration.

The poets are all dead. Their works yet live. Mr. Lang and his associates have made it possible for us to see where the poets lived and dreamed and wrought, to linger awhile at shrines that have become immortal.

"Poet's Country" delights the eye and lifts the mind from absorption in material and transitory things to the contemplation of the spiritual and the eternal.

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The Tragedie of Anthonie and Cleopatra. Edited by Horace Howard Furness. Philadelphia: J. B. Lippincott Company.

Scholars will welcome this latest volume in the New Variorum Edition of Shakespeare, edited by Dr. Furness. We can not, of course, attempt to gild refined gold by saying anything of the author or of the play itself, but we can most heartily commend the genius and the learning shown by Dr. Furness, who is not only one of the foremost Shakespearean scholars of his time, but of any time.

The text used is that of the first folio edition, and the editor calls our attention to the comparatively few changes, aside from the spelling, that are necessary to transform this into modern language. Notes that really contribute to an understanding of the text and not to its mystification (as is too often the case) and several dramatic versions of this great historical episode add to the volume's interest and worth.

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Studies in Pictures—an Introduction to the Famous Galleries. By John C. Van Dyke; with illustrations. New York: Charles Scribner's Sons.

Mr. Van Dyke does not tell us so much how to study pictures as how to appreciate and enjoy them without any particular study at all. We try, ordinarily, to find in a picture things that the artist never thought of, and the obvious message escapes us. In the proper comprehension of the old masters, and of all worthy art, we shall be greatly assisted by a careful reading of Mr. Van Dyke's friendly advice. His suggestions go far beyond technical details, leading to a consideration of those things that enrich the mind and ennoble the heart.

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Nooks and Corners of Old England. By Allan Fea; with illustrations from photographs by the author. New York: imported by Charles Scribner's Sons.

The author has visited many of the picturesque villages and historic mansions and churches in places not ordinarily frequented by tourists and gives us a wealth of detail about what he saw and learned. He has revived many romantic traditions and unearthed quaint customs which enhance the interest of the descriptions of some of the most charming portions of rural England.

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Industrial Education: a System of Training for Men Entering Upon Trade and Commerce. By Harlow Stafford Person, Ph.D., Director and Assistant Professor of Commerce and Industry, The Amos Tuck School of Administration and Finance, Dartmouth College. Boston and New York: Houghton, Mifflin & Co. (Price $1.00)

A strong plea is made in this volume for a system of technical education in the United States something like that which is now recognized as a powerful factor in placing Germany near the front rank among the great industrial nations of the world. Professor Person emphasizes the need of technical education in banking, and points out that at present the banks of America in their foreign exchange departments are compelled to rely upon young men of German education.

We heartily agree with the views which Professor Person so lucidly sets forth, and we should like to see his book widely circulated and carefully read, and furthermore to have the satisfaction of knowing that his counsels will be heeded.

✚

Scotland of To-day. By T. F. Henderson and Francis Watt. With twenty illustrations in color, by Frank Laing, and twenty-four other illustrations. New York: James Pott & Co.

Scotland is an interesting land—its scenery, history, literature, and its people—all may be studied with profit and delight. There is in "Scotland of To-day" an intermingling of descriptions of natural beauties, historical incidents, religious peculiarities, quaint types of character, literary gossip, and other pleasant features that go to make up a volume of exceptional charm. Here is one story: "There is a tradition how Lord Hermand, when trying a case, thus repelled the plea of intoxication. The prisoner's counsel, at his wit's end for argument, could only say that his client was drunk. Obviously, no system of jurisprudence could admit such an excuse; but Lord Hermande treated it as an aggravation of the offence. 'Gentlemen of the jury,' said the judge in great indignation, 'if the prisoner could do such a thing when he was drunk, what would he not have done when he was sober?' "

✚

Turkey and the Turks: an Account of the Lands, the People and the Institutions of the Ottoman Empire. By W. S. Monroe (illustrated). Boston: L. C. Page & Company.

From this comprehensive description one may gain an excellent idea of this far-off land, with its strange peoples, and a religion and civilization so widely at variance with our own. The chapters dealing with Constantinople, which has been the continuous seat of Empire for nearly sixteen hundred years, are replete with interest. The volume contains a number of good illustrations.

✚

A Woman's Journey Through the Philippines. By Florence Kimball Russel. Boston: L. C. Page & Co.

Mrs. Russel's journey through the Philippines was taken on a cable ship, and she had ample opportunities for seeing many interesting things in the lands visited. She tells what she saw in an entertaining manner, making one of those delightful books of travel of which there can not be too many.

We shall be better able to deal with Philippine problems as we know more about those who dwell there, and "A Woman's Journey Through the Philippines" gives us a new insight into the lives of these people who are now looking to us for guidance.

✚

The Appreciation of Pictures—a Hand-Book. By Russell Sturgis, A. M., Ph.D., with seventy-three illustrations. (Price $1.50.) New York: The Baker-Taylor Co.

This is the fourth volume in the Poplar Art Series. It supplements the two volumes on architecture by Mr. Sturgis, dealing historically with pictures and furnishing a basis for a thorough understanding of them. The large number of paintings reproduced in the volume, many of them rare and unusual, add greatly to its value, making it one of the most important of the popular art books issued in many years.

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FITZ RANDOLPH TRADITIONS: A STORY OF A THOUSAND YEARS. By L. V. F. Randolph. Published under the auspices of the New Jersey Historical Society.

We have in this country, perhaps, less respect for ancestry than is compatible with a healthful development of national character. As Mr. Randolph says: "A just satisfaction and pride in the progress of American democracy is distinctly in accord with a sentiment of respect toward the far-away ancestry of Normandy and of Greater and Minor Brittany, whose strength, courage and achievements in mediæval times went far toward rendering possible the civilization, enlightenment and freedom enjoyed by us now in such ample measure."

This "story of a thousand years," tracing the history of the Randolph family from the time of the Viking leader Rolf (born about A. D. 860) through the Norman, English, and finally to the American branch, is full of interest. It embraces history, genealogy, charming descriptions of ancient family seats and a kindly humor.

Mr. Randolph was formerly president of a trust company in New York and later was president of the Consolidated Exchange. Prior to these connections he was for a number of years a director and treasurer of the Illinois Central Railroad Company. Besides the volume now being considered, he is the author of "Survivals," a book of poems, published by Messrs. G. P. Putnam's Sons of this city.

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TENANTS OF THE TREES. By Clarence Hawkes; illustrated by Louis Rhead. Boston: L. C. Page & Co.

Stories of the feathered and furred inhabitants of the trees, taking one away from the turmoil of business to a delightful and refreshing atmosphere. A good book for the young, and a better book for those who want to keep young.

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HOW TO JUDGE ARCHITECTURE. By Russell Sturgis; with eighty-four illustrations. (Price 1.50.) New York: The Baker & Taylor Co.

Banking institutions in these days are furnishing our cities with striking examples of architecture—some of them good, while others are bad or merely indifferent. By their possession of large sums of money, the banks are in a position to put up very costly buildings, and it is desirable that these should be pleasing in appearance as well as utilitarian.

The work under review will not only aid in the formation of a correct taste, but will enhance one's enjoyment of what is fine in architecture.

Mr. Sturgis is acknowledged to be a leading critic in the field of art and architecture. In this book he has sketched the history of modern opinion of architecture. Aided by plentiful illustrations from the early

Grecian temples, and passing through the great cathedrals to the modern business blocks, he has shown the influences which have brought about the architectural judgment of these buildings. No attempt is made to set up absolute standards, but the reader is enabled to form a basis for his own opinion, and to learn the fundamentals of good and bad in buildings.

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Essentials of Economic Theory as Applied to Modern Problems of Industry and Public Policy. By John Bates Clark, Professor of Political Economy in Columbia University. (Price, $2.00.) New York: The Macmillan Company.

This is a most important and valuable work, particularly in view of the great and rapid changes taking place in industrial society. Professor Clark's reputation as an economist is such that whatever he writes is sure to command thoughtful attention. We shall make but a single quotation, relating to "Monopoly and Economic Progress:"

"There is in many quarters an impression that monopoly will dominate the economic life of the twentieth century as competition has dominated that of the nineteenth. If the impression is true, farewell to the progress which in the past century has been so rapid and inspiring. The dazzling visions of the future which technical gains have excited must be changed to an anticipation as dismal as anything ever suggested by the political economy of the classical days—that of a power of repression checking the upward movement of humanity and in the end forcing it downward. No description could exaggerate the evil which is in store for a society given hopelessly over to a regime of private monopoly. Under this comprehensive name we shall group the most important of the agencies which not merely resist, but positively vitiate, the action of natural economic law. Monopoly checks progress in production and infuses into distribution an element of robbery. It perverts the forces which tend to secure to individuals all that they produce. It makes prices and wages abnormal and distorts the form of the industrial mechanism. In the study of this perverting influence we shall include an inquiry as to the means of removing it and restoring industry to its normal condition. We shall find that this can be done—that competition can be liberated, though the liberation can be accomplished only by difficult action on the part of the state."

This denunciation of monopoly does not come from a "muck-raking" magazine, but from the Professor of Political Economy in one of the leading universities of America.

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Our Banking Clearing System and Clearing-Houses. By William Howarth, F. S. S. (Fourth edition.) London: Effingham Wilson.

England's clearing system, which is much more complete than ours, is herein fully described. Mr. Howarth especially eulogizes the London country clearings. In time we may see the advisability of adopting a similar plan, though the drift at present appears to be the other way.

Cordova: a City of the Moors. By Albert F. Calvert and Walter M. Gallichan; with 160 illustrations. (Price, $1.25.) New York: John Lane Company.

The picturesque beauties of this ancient city—the birthplace of Seneca, and where Julius Cæsar is first said to have been attacked by "the falling sickness"—are amply set forth in this volume by text and illustration. Though the glory of this former seat of Moorish power has passed away, the great mosque, the Roman bridge and many noble wrecks in ruinous perfection bear eloquent witness to the splendors of former days.

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Mexico and Her People of To-day: an Account of the Customs Characteristics, Amusements, History and Advancement of the Mexicans, and the Development and Resources of Their Country. By Nevin O. Winter; illustrated from original photographs by the author and C. R. Birt. Boston: L. C. Page & Co.

Mexico is such an interesting country—its civilization so ancient, its present life so picturesque—that authors in writing of the country dwell more upon its novel aspects than upon its material resources and the outlook for the future. For the general reader, that method of treatment is undoubtedly best, but it leaves something to be desired. Every traveller tells us much we had already learned from Prescott, supplementing this narrative with descriptions of bull fights, cock fights, etc., etc. But what we should like to know more about is the position of Mexico to-day among the consuming and producing nations, and what of the outlook for the future. Mr. Winter deals with these matters, not quite so extensively as could be wished; but at least he realizes that the outside world is as much interested in learning what Mexico is doing to better her economic position as in being regaled with accounts of bull fights.

Under the wise and able leadership of President Diaz, Mexico has gradually advanced in material prosperity, while the character and situation of its people have been improved by education and a just administration of the laws. The currency system has been made to conform to the gold standard, railway building has been fostered, and the resources of the country generally are being developed.

Mr. Winter gives us not only an entertaining account of Mexican history and civilization, but shows us that there is a broad and solid basis upon which to rear the country's future.

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Bolivia, the Central Highway of South America, a Land of Rich Resources and Varied Interests. By Marie Robinson Wright. Philadelphia: George Barrie & Sons.

That Bolivia is "a land of rich resources and varied interests" will appear to anybody who reads this volume, which treats of the history, government, natural resources of the country, and its innumerable picturesque and interesting features.

Bolivia is yet largely undeveloped, owing to the great difficulty in constructing railways, but this obstacle is being gradually overcome, and the country is destined henceforth to experience a remarkable era of development.

Mrs. Wright has thoroughly familiarized herself with her subject by close study and extensive travel, and the fruits of these investigations are of deep interest, and they will be highly profitable if given sufficient attention by American readers.

We have been endeavoring for some months to direct American capital and enterprise toward the Latin-American countries, believing that here is an inviting field for our activities. Bolivia undoubtedly offers great opportunities to men of push and money.

The work of Mrs. Wright on that country is filled with information, gained at first hand, and in addition to its interest for the general reader it will be found of practical value to bankers and capitalists who are seeking new and promising regions awaiting developmont.

Bolivia is rich in natural resources—many of them but little developed; the Government is stable; the laws are just and fairly administered, and the people hospitable. Owing to the high altitude, the climate in general is free from those objections which are urged against some of the more tropical southern countries.

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THE RATE OF INTEREST: ITS NATURE, DETERMINATION AND RELATION TO ECONOMIC PHENOMENA. By Irving Fisher, Ph.D., Professor of Political Economy, Yale University. New York: The Macmillan Company. (Price, $3.00.)

This is a thorough consideration of the factors determining the rate of interest, the whole problem being handled in a manner commensurate with its great importance.

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ACCOUNTING AND BANKING. By Alfred Nixon, F.C.A., F.S.A.A., F.C.I.S., principal of the Municipal School of Commerce, Manchester; lecturer in accounting and banking; assisted by J. H. Stagg, lecturer in accounting and banking, Manchester Municipal School of Commerce. New York and London: Longmans, Green & Co.

Although prepared from the standpoint of English practice, much of this valuable work is universal in its application. It is one of the Messrs. Longmans' excellent "Commercial Series," and deals comprehensively and practically with accounting and banking.

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THE CAUSES OF THE PANIC OF 1893. By W. Jett Lauck. (Price, $1.00.) Boston and New York: Houghton, Mifflin & Co.

Considering the recent panicky conditions prevailing in this country, this volume is timely and interesting. It is, moreover, valuable for its comprehensive and accurate survey of conditions preceding the memorable crisis of 1893. The author refers the origin of that crisis entirely to the fear that the gold standard of payments could not be maintained.

THE TALE OF A CHECK-BOOK. By Newton Newkirk. Boston: John W. Luce & Co.

This tale, so briefly yet so graphically told, will interest and amuse anybody who is not hopelessly given over to melancholy. Facsimile bank checks are used to tell this moving story of daily life, and the record is full of eloquence, wisdom and humor.

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FOURTEENTH ANNUAL CONVENTION OF THE NEW YORK STATE BANKERS' ASSOCIATION. New York: Jaques & Co.

From the tasteful little volume containing the proceedings of the Fourteenth Annual Convention of the New York State Bankers' Association, we get this story:

Teacher: "Children, I want you to listen carefully to this question, and then take your slates and write an answer to it: What would you do if you had a million dollars?"

Almost immediately one bright little fellow put up his hand and signified that he had his answer ready.

The teacher remarked, "Have you written your answer so quickly?" The boy replied, "Yes, m'm." The teacher took his slate and read what the boy had written: "I wouldn't do a damn thing."

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MONEY AND CREDIT INSTRUMENTS IN THEIR RELATION TO GENERAL PRICES. By Edwin Walter Kemmerer, Ph.D., Assistant Professor of Political Economy in Cornell University. New York: Henry Holt & Co.

These are times when thoughtful discussions of the principles relating to money and credit are to be welcomed. Professor Kemmerer's treatise shows that he has given much study to the subjects considered. He refers (p. 96) to the amount of the country's money tied up in bank reserves from year to year in a way that is apt to create the impression that such a use of money is objectionable. Actually money in anybody's pocket is more effectually tied up than when it is in a bank, and it should be the aim of legislation to keep as much money—real money—as possible in the banks, furnishing a credit note for pocket use.

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MONEY AND INVESTMENTS: A REFERENCE BOOK FOR THE USE OF THOSE DESIRING INFORMATION IN THE HANDLING OF MONEY OR THE INVESTMENT THEREOF. By Montgomery Rollins. (Price, $2.00.) Boston: Dana, Estes & Co.

A definition of terms connected with money and investments that will prove useful to financial students and serviceable to investors. It is primarily a work of information, practical and concise, and alphabetically arranged for convenient reference. Such a work was needed, and it ought to have a large sale.

TRUST COMPANIES OF THE UNITED STATES. Compiled by The Audit Company of New York; published by the United States Mortgage and Trust Company, New York.

The 1907 edition contains a compilation of the statements of condition of trust companies of the United States as of June 29, giving also the title and location of each company, officers, directors, correspondents, dividend rates and stock quotations.

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THE CYCLES OF SPECULATION. By Thomas Gibson. (Price, $1.50.) New York: The Moody Corporation.

So long as speculation continues—in other words, while human nature remains unchanged—it is well that it should proceed with some regard to the principles and rules of the game, and therefore educational literature along this line has some value. Of course, for anyone connected with banking there is but one thing to do, and that is absolutely to avoid speculation.

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HOW TO INCREASE THE BUSINESS OF A TRUST COMPANY. By Clay Herrick. (Bankers' Handy Series, No. 2; price, 50 cents.) New York: The Bankers Publishing Co.

Trust companies have become such an important part of the country's financial machinery that it is interesting to know of the methods pursued by them in building up their business. Mr. Herrick tells about this in a plain and practical fashion, evidently speaking from the standpoint of practical experience and a thorough study of his subject.

While he shows how business may be increased, and in fact how it actually has been increased by the best managed companies, he gives no counsels that may not be safely followed.

The book is designed to aid trust companies in enlarging their business, and its suggestions seem to be well calculated to bring about the result, if carefully followed. It points out, however, that the cleverest methods will be of no avail, in the long run, unless they have as a foundation strong and capable management.

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NOTES.

—Notable papers in Putnam's Monthly for December are: "Whittier—an Appreciation," by H. W. Boynton; "Recollections of the Rabelais Club," Professor Brander Matthews; "My Interpretation of Hamlet," by Tommaso Salvini. Letters to Samuel Ward by Henry W. Longfellow, a poem by Richard Watson Gilder, and other features render the number a particularly interesting one.

LETTERS TO THE EDITOR

GOLD IMPORTS—WHAT ATTRACTS THE METAL HERE.

Editor Bankers' Magazine:

SIR: Will you please give me some information in regard to the importation of gold into this country? What attracted gold here recently in such large quantities? Very respectfully,

LYNN, Mass., Nov. 29, 1907. E. W. I.

Answer.—When the value of the exports of merchandise from the United States to other countries exceeds the value of our imports from those countries, and is also sufficient to meet our annual dues which we must remit to those countries to pay the interest on our securities held abroad, ocean freights, tourists' expenses, etc., any balance over the amount required to meet these demands will come to us either in the shape of gold or in the shape of our own securities, held abroad, the latter being returned to us.

In the fiscal years 1905, 1906 and 1907 we imported merchandise to the value of $3,778,496,942, and in the same time exported merchandise valued at $5,143,277,244, leaving on the face of the foreign trade account for the three years a balance in our favor amounting to $1,364,780,302. We exported also silver in these three years to the value of $56,582,919, making the total net exports of merchandise and silver $1,421,363,221. Some of this has been absorbed in paying our annual dues to Europe incurred on account of the interest on our securities held there, to meet the expenses of American tourists, travelling abroad, and for ocean freights, etc. It has been further reduced by the sum required to pay for such of our securities as may have been returned by foreign investors—an item for which we have no official figures. On the other hand, we have continued to sell our securities abroad, as is witnessed by some large railway loans lately made.

Upon the whole, I am of the opinion that Europe owes us, on current account, thus affording a basis for the recent importations of gold. The balance of exports over imports for the fiscal year ended June 30 last was $446,429,653.

The shipment of our products abroad creates commercial bills of exchange on other countries—mostly on London. Gold can be drawn on these bills; but whether it will be or not depends upon the state of the foreign trade—that is whether the account is against us or in our favor; also upon the foreign exchange market, which is affected to some extent by the interest rate and other factors.

Exchange on foreign countries may be drawn against American loans negotiated abroad, and gold be imported in this way.

American financial houses have in recent years drawn what are called "finance bills"—not against exports or securities sold abroad, but representing borrowing operations; and these may be used to procure gold.

The large consignments of gold recently sent to this country, represent:

(1) Money due us as a result of our large favorable balance of trade.

(2) Money attracted here by high interest rates.

(3) Money attracted by the premium on currency; this latter factor accounting chiefly for the importation of such a large amount of gold in a short time.

JOINT DEPOSIT—PAYMENT TO SURVIVOR.

ASTORIA, Ore., August 30, 1907.

Editor Bankers' Magazine:

SIR: In your answers to correspondents, pages 65 and 66, July number, you say that you do not know of any statute making it legal to pay a certificate of deposit to either of two payees, even if one was the survivor of the other. It is, or should be, legal in the State of Oregon, as the Legislature of 1907 put the following clause in the new banking law (Session Laws of 1907, p. 267):

"When a deposit has been made, or shall hereafter be made, in the name of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, may be paid to either of the said persons whether the other be living or not, and the receipt or acquittance of the person so paid shall be valid and sufficient release and discharge to the bank for any payment so made. This section shall apply to all banking institutions, including National banks, within this State."

I think this will save us a lot of explanation, as we have many cases where two persons wish to deposit jointly, and I have been obliged heretofore to make it clear that the survivor might not be entitled to the money, if there were other claimants. S. S. GORDON.

TAXATION OF NATIONAL BANKS OF KENTUCKY

ON November 22 the Kentucky Court of Appeals affirmed the consolidated bank tax cases of H. W. Hager, Auditor of State, against the First National Bank of Lexington. The action involves the taxation of every national bank in the state. The court upholds the constitutionality of the act of 1906, requiring the assessment for taxation of the par value of the capital stock, surplus and undivided profits of national banks, and that the money converted into Government bonds is not exempt to this extent.

PUBLISHERS ANNOUNCEMENTS

THE BANKERS' MAGAZINE FOR 1908.

PROBABLY no twelve months in recent financial history will surpass in eventfulness the year 1908. The relations of banks and trust companies to the public will most likely undergo a searching re-examination, and there is certain to be general discussion of many matters vitally affecting the banking interests of the country, and perhaps some important changes in the laws will be made.

Proposals have already been made and received with more or less favor looking to legislation on such subjects as currency reform, insurance of deposits, postal savings banks, and the Federal incorporation of trust companies.

The discussions brought out by the propositions named are sure to be interesting, and the banks will be deeply concerned in a proper settlement of these problems.

It will be the aim of The Bankers' Magazine to give a complete survey of current opinion on such matters, as well as on everything else related to banking and financial interests.

Special and Regular Features.

During the coming year, a number of special features will be incorporated in the Magazine, making it of exceptional interest and value to bank clerks, and bank and trust company officials.

The regular departments—Banking Law, Practical Banking, Trust Companies, Savings Banks, Banking Publicity, etc.—will be maintained and strengthened.

NEW FACILITIES FOR ADVERTISERS.

SPECIAL attention is directed to the announcement, made in the advertising section of this issue of The Bankers' Magazine, that The Bankers Publishing Company has added an advertising preparation department to its other facilities for advancing the interests of the financial community.

For some time it has been felt that the mutual interests of readers, customers and publishers would be promoted by the establishment of such a service in connection with The Bankers' Magazine and the printing end of the business. So that when the opportunity presented itself to secure the services of Mr. T. D. MacGregor, one of the keenest and most successful men in the field of financial advertising, the company was not slow to grasp it. It is now in a position to offer practical help to its patrons in developing their business by judicious advertising, both by criticism, comment and suggestion in the "Banking Publicity" department of the MAGAZINE, and by the actual planning, preparing and printing of effective advertising matter of all kinds.

ANNOUNCEMENTS.

—A. R. Barrett, author of "Modern Banking Methods," and well known as a bank examiner, has written some articles on practical banking topics for publication in early numbers of THE BANKERS' MAGAZINE.

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—"Credit Currency" is the title of a new number of the Bankers' Handy Series, published by The Bankers' Publishing Company. It is by the editor of THE BANKERS' MAGAZINE, and aims to deal with the principles of a bank-note currency in a concise and non-technical manner.

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—Trust companies desiring to learn more of the methods used in increasing business will be interested in No. 2 of the Bankers' Handy Series, which treats of "How to Increase the Business of a Trust Company." The author is Clay Herrick of the Cleveland (Ohio) Trust Company—a notably successful institution. Mr. Herrick writes from the standpoint of personal experience, and has evidently made a thorough study of his subject in all its details. His suggestions will be found of practical help to banks as well as trust companies.

PROPOSED CHINESE BANK.

CONSUL-GENERAL A. P. WILDER forwards from Hongkong a 12-page pamphlet in Chinese, with English translation, detailing a proposal submitted to the former viceroy of Canton for the establishment of a Chinese bank of enormous capitalization, to be operated in connection with the Canton-Hankow Railway. The prospectus says:

"It has been estimated that with a capital of $6,000,000 (probably Mexican currency, $1 of which equals 50 cents United States currency) and a note issue of $4,000,000 the bank will be in a position to do business to the extent of $200,000,000 and become the strongest financial power through the southern portion of the Chinese Empire. As Hongkong and Shanghai are two of the principal ports, having large business connections abroad and at home, and being the distributing centres both for south China and the Yangtze region, a branch at each place should be opened immediately on the establishment of the head office at Canton."

BANKING PUBLICITY

SPECIAL NOTICE.

IT is the purpose of THE BANKERS' MAGAZINE to make this department of the greatest practical assistance to officers of financial institutions upon whom devolves the responsibility of promoting their business by advertising.

To-day few bankers doubt the wisdom of advertising. Most of them realize that banking is a competitive business and as such needs the right kind of publicity.

It is no longer a question whether to advertise or not to advertise, but how best to advertise. It is the object of this department to help solve that problem for the readers of THE BANKERS' MAGAZINE.

The method will be by suggestion, illustration, criticism and the answering of inquiries made by correspondents. The editor of the department solicits such inquiries and will be glad to receive from any reader of the magazine samples of newspaper and magazine advertisements, booklets, circulars follow-up letters or any other advertising matter of banks, trust companies or other financial houses.

So far as practicable, these samples will be referred to for the benefit of all readers who are studying the important subject of advertising.

Of course, wholesale commendation of samples submitted cannot be expected. In fact, the object of this department would be defeated were that course to be pursued. The idea is simply to call attention to both good and bad points in the advertising, emphasizing the former and making suggestions for the improvement of the latter.

The spirit of this department is practical helpfulness. In view of the fact that advertising is by no means an exact science and that there is always room for difference of opinion as to copy, display, mediums, and a score of other points, the suggestions and criticisms made herein from time to time are not laid down as in accordance with any hard and fast rules.

In general, however, the ideas advanced will be such as have been tested by actual successful experience in this field.

CHRISTMAS BANK ADVERTISING.

TAKING a leaf from the experience of advertisers in other lines, many banks make a feature of seasonal advertising. Of all seasons of the year, perhaps holiday time is the most appropriate for special effort along this line on the part of banks, especially savings institutions.

When the Christmas spirit is in the air is the time par excellence to impress upon parents and others the importance of a savings account for the young. To make such a gift as that indicated in the special Christmas and New Year advertisements reproduced herewith in reduced size from the orig-

SOME CHRISTMAS BANK ADVERTISING.

inal newspaper clippings is a very wise thing indeed and the opportunity presented in these days just before Christmas is one which should not be neglected.

In all of the announcements shown the heads are very suitable. The border design used in the advertisement of The Plantern National Bank gives it a Christmasy appearance and the cut of the pass book with Santa Claus' name on it tells its own story.

In the advertisement headed

"For the Baby" it would have been better had a picture of a bank book or a baby been used instead of that of the building. As it is, the first impression one gets is that the baby is going to find a 16-story building tucked into his stocking on Christmas morning.

Among the good points brought out in these advertisements are these:

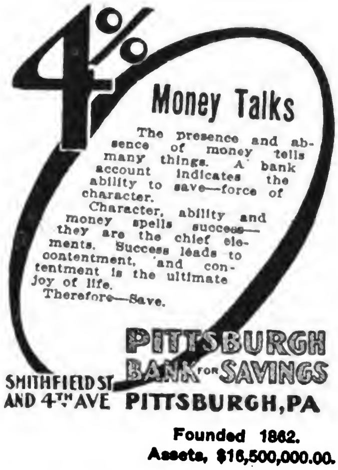
There is no better way to teach a child the first principles of business than to interest him with a personal bank account.

Buying an Endowment contract creates an obligation to save.

Foreign money orders provide a good way to remember the "old folks at home" in "the old country."

Let all bankers remember that in making a special bid for business at this time they get the benefit of all the holiday talk and feeling, a sort of outside influence which will add force to every good argument they print.

A GOOD SMALL ADVERTISEMENT.



GOOD DISPLAY IN SMALL SPACE.

ADVERTISING IN THE PANIC.

DURING the recent panicky days banks and other institutions in New York and elsewhere did some especially strong advertising. Quite a number of the advertisers contented themselves with publishing an ordinary statement of resources and a list of officers and directors. But many called attention to particular features of their strength.

The advertisements reproduced herewith are typical of the timely publicity of the last days of October. As a rule, the space used for these advertisements was large. Those reproduced originally ranged in size from 28 lines, single column, to 100 lines, double column (14 lines to an inch).

Two of the advertisements—those of the tailoring company and the real estate concern—illustrate the readiness with which general advertisers seized the opportunity to turn the prevailing financial uncertainty to advantage in their advertising.

FINANCIAL ADVERTISING IN THE PANIC.

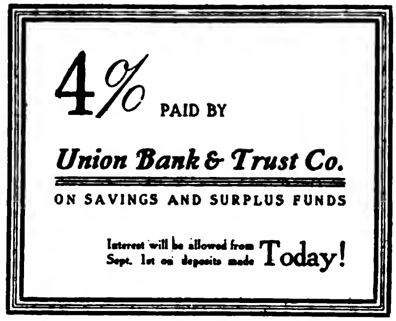
The New Netherland Bank of New York made a good point in its advertisement when it said: "It is an institution distinct and complete in itself, controlled and managed solely by its own directors, with no outside affiliations whatever."

The advertisement of E. H. Rollins & Sons is good because it tells its whole story in the head. This arrests the attention of the cursory reader. Then the body of the advertisement, set in easy-reading, short paragraphs, is a logical "reason why" argument, which ought to convince and lead to favorable action.

The "It Is Important" used as a head in the City Trust Company advertisement is rather blind. A definite statement or idea, such as "Strong and Conservative Banking," would have been better and would have obviated the awkward use of the initial "I" in the middle of the opening sentence. However, this is not a bad advertisement and the judicious use of white space serves to display it well.

The Mellon National Bank makes a good point by emphasizing the fact that "Pay checks are good." That must have appealed strongly to many who had difficulty in cashing their pay checks. There is likewise a good "handshake" in this paragraph: "You will receive the courteous consideration which is characteristic of this bank whether your pay check is large or small."

The Astor Trust Company, by making a sort of trademark of its name set in Old English type, gets secondary advertising of great value. That is, in addition to the argument contained in the copy the steady use of the same style of typographical set-up gives general publicity advertising which is an asset of steadily growing value.



WHERE IS THIS BANK?

A LANDMARK AS AN ADVERTISING ASSET.

The Colonial Trust and Savings Bank of Chicago makes good use of small space.

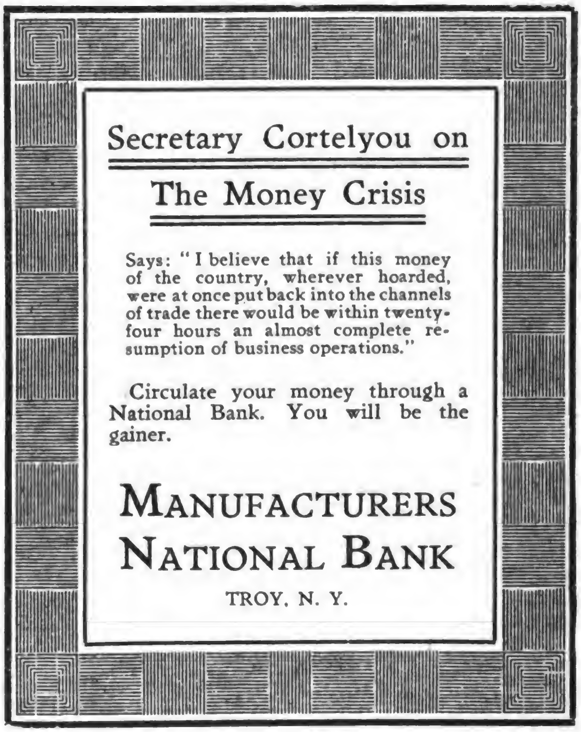
The Home Trust Company strikes a fine ethical note in its 60-line, single column, advertisement, but it is too bad to detract from a good advertisement by using a blind head. "A Public Demand" could apply to a hundred and one things, but if the head had been "The Public Demands Sound Banking," there could be no doubt, even in the mind of a hasty reader, as to the policy of this advertiser.

In advertising the concrete is always better than the abstract, a specific statement better than a general one.

HOW BANKS ARE ADVERTISING.

NOTE AND COMMENT ON CURRENT FINANCIAL ADVERTISING.

"THE NOVA SCOTIAN, the Journal of the Bank of Nova Scotia," is the title of a quarterly published at Toronto, Ont., by the officers of the Bank of Nova Scotia, the great institution which has branches in many cities and towns throughout the Dominion of Canada. "The Nova Scotian" is more than a house organ for the Bank of Nova Scotia. Besides giving the news and other facts of interest concerning the institution, the publication contains articles of general interest about finance and business in Canada. One of these is by Professor Goldwin Smith. The first issue of the quarterly, dated November, is printed on fine calendered paper, is well illustrated, and contains 24 pages, $6\frac{1}{4}$x$9\frac{1}{4}$ inches. It has a handsome cover in two colors. The design shows the interior mechanism of a safe door and is unique and striking. The idea of "The Nova Scotian" is a good one and well carried out. If subsequent numbers maintain the high standard set by the first issue, The Bank of Nova Scotia is assured of a strong, goodwill-creating printed representative. In general, the value of a house organ lies in the fact that it can be made of more permanent interest than a circular and at the same time it provides ample room to tell in full the business story of the house issuing it.



A TIMELY USE OF NEWS IN AN AD.

The view showing the interior of the First National Bank of Pasadena, Cal., is reproduced for two reasons. It shows an unusually attractive and convenient arrangement of officers' quarters and, as the cut was originally used on a postal card, it serves to call attention to a method of general publicity advertising which is being used by quite a number of banks. Another example has come to our notice showing an exterior view of the Hillsdale Savings Bank of Hillsdale, Mich. In this kind of advertising it does not seem advisable to send out the postal cards without at least a statement of capital and surplus or some special feature of the bank's service printed on it. When paying out good money for publicity, it is well to get as much actual value from it as possible.

POST CARD CUT, FIRST NATIONAL BANK, PASADENA, CAL.

Another good banking house organ is "The Banker," a 24-page, 6x9-inch monthly, issued by the First National Bank of Joliet, Ill. The leading article in a recent issue is a detailed explanation of the First National's statement. Couched in language which the average layman can easily understand even if he knows practically nothing of banking, the article tells just what the various items in the statement mean. Among the things explained in an interesting way are: Loans and discounts, overdrafts, United States bonds to secure circulation, bonds, securities, etc., premium on bonds, furniture and fixtures, real estate owned, cash and exchange, redemption fund with the United States Treasurer, capital stock, surplus fund, undivided profits, national bank notes outstanding and deposits. This kind of publicity helps a bank. It pays to take the public into your confidence occasionally. Some banks have run such an illuminated statement in good sized newspaper space and have found it to their advantage. The cover of "The Banker" is ornamented with a cut of the big plant of the Illinois Steel Company. As indicating the general character of the contents of the magazine, the following titles of other articles in it are interesting: "Water Power at Joliet," "Accommodations Furnished by This Bank Free of Charge," "From the Teller's Window," "What the Merchants' Association Is Doing for

Joliet," "The Bank of To-day," "Joliet Industrials Popular," "General Country News," "Give Your Children a Start," and "Illinois State Bankers' Association."

Among the very best financial advertising is that being done by the "Banking by Mail" institutions. This is a natural result of the nature of their business because advertising is absolutely essential to that kind of banking and the measure of the success of those banks is practically in direct ratio to the quality and quantity of their advertising. The Cleveland Trust Company of Cleveland, O., is one of the most successful of those institutions which solicit deposits by mail. As part of its follow-up literature, this company recently issued a strong 3-page booklet, "The Story of Banking by Mail." It is written by Herbert Vanderhoof and is an interesting account of the development of this business, with special emphasis, of course, upon the part that the Cleveland Trust Company has played in it. Typographically, the book is good, being printed in large blackface type with wide page margins. A novel feature of the make-up is that the printing runs on two pages and then skips two pages, the blank pages being left uncut at the top. The title of this booklet illustrates the proper idea in naming such a piece of advertising literature. The old way would have been to print the name of the bank on the cover, but the best practice now is to give a booklet an interesting title which may or may not indicate exactly what the booklet contains. Sometimes it is a good plan to excite curiosity by a little mystery in the title. In any event, the effort should be to arrest the flight of your advertising matter wastebasketwards by strong typographical treatment and something different, if not something entirely new, in its title.

HOME OF THE FIDELITY TRUST CO., KANSAS CITY, MO.

5% to 6%

Some of the most influential magazines in this country are informing their readers, editorially, upon the subject of investments. Reputable investment bankers are in harmony and sympathy with this movement, regarding it as a most valuable and timely educational service.

One of the important results of this movement will doubtless be an intelligent understanding by the average individual concerning those factors which are essential to sound and substantial investments.

This is just what the best investment bankers have long desired, as they have felt that there is no surer way to build up a conservative investment business than by welcoming the most careful scrutiny of security offerings by the investing public.

It is difficult to understand how the effect of this movement can be other than wholesome and reassuring to every person having surplus funds for investment.

Sound investments are based upon safety, fair income yield and a reasonably broad market, and we shall be glad to furnish copies of our Bond Circular No. 32, describing a carefully selected list of investments of this character.

Spencer Trask & Co.

Investment Bankers.

Branch Office, Albany, N. Y. William & Pine Sts., New York.

Members of the New York Stock Exchange.

HIGH-CLASS BOND ADVERTISING.

The Fidelity Trust Company of Kansas City, Mo., is doing some good advertising. We reproduce some of the illustrations used by it in its recent publicity. The title of one of its booklets, "Under the Old Town Clock," illustrates what has just been referred to in regard to the use of interest-exciting captions. The point in this case is that the company's building is surmounted by that particular clock tower. This advertiser is wise to make this conspicuous landmark an asset of its business and bankers elsewhere who have a similar opportunity to turn anything like that to their advertising advantage should do so before somebody else in their community pre-empts the idea. The booklet in question contains a good argument along the line of safety, describing the company's facilities to protect money and valuables from burglary, fire and carelessness. The company also issues a folder describing its various departments and a special booklet entitled "Banking Simplified for Women," which carries out very well the purpose indicated in its title.

The bond advertisement of Spencer Trask & Company is a type of the timely and high-class financial advertising which is being done by quite a number of such investment houses. This particular advertisement depends for its effectiveness not upon a striking design but upon simple and strong typographical display and the convincing argument of facts. The clear type and the short paragraph style is good.

The "No. 32" is undoubtedly a key number by which the advertiser determines the pulling power of the medium used, a different number being employed in each publication where the advertisement appears.

The cuts showing Pittsburgh in 1818 and as it is to-day were used by the Commonwealth Trust Company of that city in a booklet entitled "Pittsburgh and the Commonwealth Trust Company." The growth of a city and the development of its financial institutions go hand in hand, and it does no harm for banks to emphasize the part they have in the industrial progress of their community. The Commonwealth Trust Company has done

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The Old

The New

Pittsburgh has the greatest aggregate industrial capital of any community in the world. Her tonnage exceeds the combined tonnage of New York, London, Antwerp, Hamburg, Hong Kong and Liverpool. Over ninety millions have been spent in new buildings since 1900.

FROM A BOOKLET OF THE COMMONWEALTH TRUST CO., PITTSBURGH.

this admirably. The booklet has a heavy stock brown cover, with title in gilt letters. The pages are $4\frac{1}{2}$x $7\frac{3}{4}$ and are ornamented by the use of delicate tint blocks in the printing. Semi-vignetted cuts are used.

heads, "Many Women Now Keep Banking Accounts," "Where Are Your Life Insurance Policies?" and "No Red Tape" are especially effective. The other one, "Your Money Is Never Safe," is not so good because, standing alone, it

Many Women Now Keep Banking Accounts

Many more should, and would if they realized the convenience and economy of paying bills by checks.

We have a special department for ladies and aim to make it very simple and pleasant for them to transact their banking business here.

Safe Deposit Boxes for Rent.
Interest Paid on Checking Accounts.

COLONIAL TRUST CO.

Saratoga Street at Charles.

J. HENRY FERGUSON, President.

Where Are Your Life Insurance Policies?

Are they placed so securely that they are protected from fire or burglary?

$5 per year pays for a large box in our new armored concrete-steel vault.

COLONIAL TRUST CO.

Saratoga Street at Charles.

J. HENRY FERGUSON, President.

Your Money Is Never Safe

unless it is in a safe bank. And yet it is as close to your hand as if it were in your pocket or locked in your bureau drawer, for you have but to draw your check for the amount you wish to spend—and, furthermore, the canceled check is as good as a receipted bill to prove the payment.

COLONIAL TRUST CO.

Saratoga Street at Charles.

HENRY FERGUSON, President.

NO RED TAPE

It is a mistaken idea that a knowledge of the banking business is necessary to master the intricacies of a checking account. On the contrary, only the simplest rules apply, and these will be gladly explained by any one of our officers.

Ladies' accounts especially are solicited.

COLONIAL TRUST CO.

Saratoga Street at Charles.

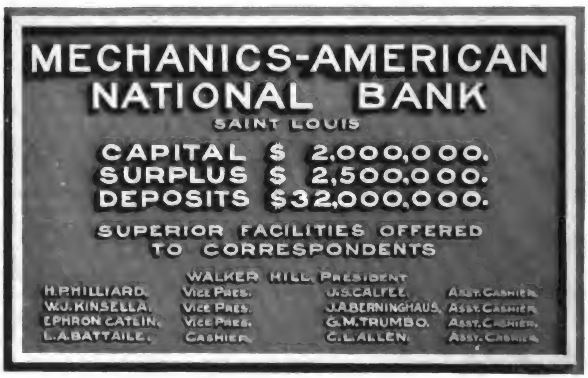
J. HENRY FERGUSON, President.

A GOOD NEWSPAPER SERIES.

We reproduce a few samples of a newspaper series run with good results by the Colonial Trust Company of Baltimore, Md. The typographical arrangement and the ideas brought out in all of these three-inch, single column advertisements are very satisfactory. The

contains a negative idea. A positive statement like "Your Money Is Safe in this Strong Bank" would have been better. In the advertisement headed "No Red Tape," there seems to be a little contradiction in thought as it is virtually admitted that there are intricacies in a checking account, whereas the idea is to show that there is nothing of the kind. This company uses a tasteful tinted note paper for the correspondence of its Ladies' Department, a branch of its business to which it pays particular attention in its advertising. As a whole, the advertising of this company is strong and at the same time it preserves the desirable elements of dignity and good taste.

The cut of the advertisement of the Mechanics-American National Bank of St. Louis shows a style of copy which is suitable for use either in newspapers or other mediums. It is a clay modeled tablet effect and like all bas relief effects is very striking. It lends itself to a brief card announcement better than to a more extended one where finer type would be necessary. Any engraving company can do this class of work. The reproduction is from an electrotype plate.



A "TABLET" BANK ADVERTISEMENT.

The Mariners' Savings Bank of New London, Conn., has published a very complete little book, which, in addition to full information about the bank's facilities, gives a brief history of itself and of savings banks in general. It has also a valuable collection of thrift sayings.

As a sequel to the notice made in this department last month concerning the prize essay writing contest conducted by the Century Banking Company of Jackson, Miss., we would refer to a leaflet called "The Winners," which that company has had printed to announce the results of the contest and to publish the essays of the successful contestants. A great deal of interest was aroused in the contest and the bank got a lot of good advertising by interesting the pupils of the public schools.

The Central Savings Bank of Detroit, Mich., gets out a strongly written and attractive booklet on savings. Our only criticism of it is that, in our opinion, the title of the article, "The Secret of Saving

Money," should have been given the place of prominence on the cover instead of the name of the bank. The point is this—the booklet will fall into the hands of many persons who at the time they take it up are more interested in the secret of saving money than they are in the Central Savings Bank. The object of the booklet is not only to create a desire to save, but to lead persons who already have that desire to consider the advantages of this particular bank as a depository for their funds. The order in advertising is:

1. Attract attention.
2. Hold interest.
3. Convince.
4. Get readers to act promptly and favorably.

The three small newspaper advertisements shown herewith illustrate what can be done in small space by strong, simple designs. They are all eye-catchers. That of the Central Bank and Trust Corporation of Atlanta, Ga., occupied 70 lines, single column. That of the Pittsburgh Bank for Savings was 3 inches in 1 column, and the other, of the Union Bank and Trust Company of Houston, Tex., was 55 lines in two columns. There is a rather serious criticism to be made of the last-named advertisement. It is too good an advertisement to weaken by leaving off the street address of the bank advertising. You may think that everybody in town knows where you are, but there are always strangers and newcomers and you ought to make it as easy as possible for them to find your place of business.

AMERICAN BANKS SOUND.

IN a recent interview with the London correspondent of the "New York Times," E. W. Sells, head of the firm of Haskins & Sells, who audit the books of at least 1,800 banks and corporations throughout America, said these institutions were never on a firmer basis, considered from the standpoint of both assets and sound business management.

"Though the business of a public accountant is perhaps more confidential than that of any other calling, and I am not in the habit of talking about my clients. I think it only fair to make this statement," said Mr. Sells. "It is, of course, my duty to examine and know every point concerning the business management, financial condition, and assets of a large number of the greatest institutions in America, numbering between 1,800 and 2,000, and I am in a position to know whereof I speak when I say all indications point to a quick recovery from the recent difficulty. With due respect to newspapers which assert the contrary, I refuse to believe, speaking from inside knowledge, that dishonesty prevails in the management of the great American banks and corporations. It is very difficult for dishonesty to be practiced in the institutions we audit without our finding it out, and even when it is tried I couldn't name an instance of dishonesty which has not already been dealt with."

CURRENT OPINION.

AT the first meeting of the Civic Forum in New York on November 20, addresses were made by Hon. David J. Brewer, Justice of the United States Supreme Court, and by Hon. Charles E. Hughes, Governor of New York. Justice Brewer said, in part:

"More and more are we coming to learn that in politics as well as in business, as in all other relations, character, loyalty to high ideals are the mighty factors of every life. Some sneeringly said of Theodore Roosevelt when Governor of New York that he had discovered the Ten Commandments. If it were true that they had become so buried beneath the accumulation of political dust as no longer to be visible, then blessings on the man who discovered and unearthed them! Perhaps we shall all yet say of another Governor of this State that he has done better and has discovered the Golden Rule.

When that controls all officials and all the people in their dealings with one another, with other nations and the people of those nations, we may be sure that the political millennium is not far away. Even the Chinese and the Japanese may then learn that in America we know the meaning of 'the Fatherhood of God and the brotherhood of man,' the Supreme Court to the contrary notwithstanding."

Justice Brewer passed to the consideration of the conduct of judges and said:

"God pity the Republic when our judge introduce the spectacular in their judicial proceedings for the sake of temporary popular applause."

He quoted Lord Mansfield as saying:

"I wish popularity, but it is that popularity, not that which is run after; it is that popularity which sooner or later never fails to do justice to the pursuit of noble ends by noble minds." He added:

"Let the President and the Governor preach—and it is charged upon our President and your Governor that they are all the while preaching—however wise their words, however earnest and strong their appeals, better than anything they can say will be the lives they live, if only those lives continue to be sermons in themselves. Let the individual live for the nation.

Louis XIV, 'The Grand Monarch,' thinking that all France lived for him, in the pride of his power and glory boasting, said, 'The State! I am the State.' In a grander and nobler spirit let every citizen of this nation, feeling that responsibility for its welfare, that its greatness and glory depend upon his actions, say with profoundest conviction this truth: 'The Republic! I am the Republic.'

As he lives, so will its future be. Given, as we are, a nation of boundless material resources, with a population ready to dare and to do anything that patriotism demands, if we can only fill the hearts of all with the high endeavor, the purpose to realize the ideals of life, we shall behold in this republic of shining splendor a national life which will be both a lesson and an inspiration to all nations and all peoples, while every child of this republic will proudly lift his voice and say, 'Thank God, I am an American.'"

The address of Governor Hughes was devoted principally to the duties of public officers. In the course of his address he said:

"We shall never attain the full measure of our opportunity in this country until the meaning of trusteeship sinks deep into the American consciousness and its realization controls our activities both in business and in political affairs. It must seize the conscience of the directors of corporations, working conviction of the disgraceful perfidy of abusing their opportunities as trustees for stockholders in order to make personal fortunes. Few indeed are they who in any large enterprise deal exclusively with their own. What we call the 'world of modern business' is simply a gigantic series of sacred fiduciary obligations. The lesson of to-day both in business and in politics is the lesson of fidelity to trust."

The annual dinner of the Chamber of Commerce of the State of New York, was given on the evening of November 21. Hon. John C. Spooner, former United States Senator from Wisconsin, was one of the principal speakers. Referring to the recent crisis, he said:

"We have had a tense situation here and I hope never again to see the like.

Who stemmed the tide of distrust, suspicion and sacrifice that seemed about to overwhelm the institutions and the business of the people of this city? It was not the Federal Government. It helped all it could. It was the strong, patriotic, resourceful bankers and financiers of this great city, led by the uncrowned king of them all, J. P. Morgan, who accomplished more in the way of correcting bad methods, of holding men to the faith involved in trusteeship, than a Congress could do in a dozen years.

I avow to-night, and everybody ought to avow, for it is true, and every newspaper ought to avow it, for it is true, that never in the history of this country has the standard of honor, commercial honor among business men been higher and purer and better than it is to-day.

I wonder what would have happened the last three weeks if there had been no swollen fortunes in New York. The last three weeks have taught the people a lesson which they had been taught before and had forgotten and which they will be taught again and will forget, and that is the relation of what is called Wall Street to the country at large.

Wall Street, they have been taught to believe, is a locality which is the haunt of gamblers and speculators. They begin to realize now that Wall Street is only a characterization of the financial strength and power of this great city of the continent, and when any great financial distress comes in Wall Street of necessity it pervades the whole country, as it has."

Ex-Secretary of the Treasury Shaw spoke, in part, as follows:

"I am disposed to believe that the most unfortunate act of Andrew Jackson's administration was his veto of the act renewing the charter of the United States Bank. A large central bank clothed with authority to discount commercial paper and to issue currency against the same as in other great commercial centres would do much to prevent a repetition of conditions such as we now are experiencing. But the American people are against such centralized control, and I do not believe that five per cent. of either house of Congress could be induced to vote therefor, and whatever per cent. should vote for such a measure would probably be retired to private life at the next election.

The question remains to be solved whether we cannot get substantially all the benefits which other countries receive from the central bank by granting to each and all of our national banks within well defined limits and under proper safeguards essential prerogatives which make the Bank of England, the Bank of France and the Bank of Germany such bulwarks of financial equanimity."

PRESENT TROUBLES WILL BE OVERCOME.

SPEAKING recently before the Institute of Bankers, Sir Felix Schuster, Governor of the Union of London and Smith's Bank, said:

"Like every other crisis, that in America has arisen out of overconfidence, brought about by an abnormally prosperous state of affairs. Our friends have a way of discounting the future somewhat too rapidly. Legitimate enterprise is followed by speculation, and speculation is based on credit, and suddenly it is discovered that the strain has become too great.

We bankers on both sides the Atlantic will do well to bear in mind that the too easy granting of credit to institutions and firms without sufficient working resources of their own is not rendering those institutions good service. It is inevitable that a monetary stringency such as has been witnessed in the United States shall result in the crippling of industries, the restriction of trade, and the lowering of prices of commodities. This has taken place already to a large extent and must affect trade throughout the world.

That the United States will ultimately, out of her own resources, overcome her present troubles, does not to my mind admit of any doubt."

IMPATIENCE AND HURRY DEPLORED.

REV. DR. MORGAN DIX, Rector of Trinity Church, New York City, in a sermon delivered on Thanksgiving Day, thus characterized the spirit of the times:

"Impatient, unquiet, those are the badges of the majority, bound like the fillets of old about the brows of vast numbers of the people. Impatience of restraint, impatience of the law and defiance thereof; impatience of the moral code, the divine commandments; the wish to be free, to seek by any and all ways and means, money, place, influence, higher station; to be free from religious obligation and moral obligation; free to marry and unmarry at will; to avenge private wrongs at the cost of life; to interfere for one's advantage with every other man's business and break one's neighbor down in order to build up self; to speed, to hurry, to make haste, to get rapidly about the world and over land and sea and, if possible, through the air, in the shortest possible time; to make record voyages and record journeys and whatever else can be made of record; impatience, the temper of the age, breeding disquiet here and in all other lands, for all peoples, nations and all languages seem to have caught the infection of this spirit of progress."

RIO DE JANEIRO IMPROVEMENTS.

CONSUL-GENERAL G. E. ANDERSON writes that the large number of inquiries received in Rio de Janeiro from all over the world with respect to the improvements made in the Brazilian capital within the past four years indicate not only that there is great interest in the transformation of the city, but that it is generally thought that conditions there can be duplicated and similar improvements generally can be made elsewhere upon a similar basis and according to similar methods. He reviews the work as follows:

"It is probable that no city in the world has ever made such great improvements in so short a time, and it also is probable that no other city in the world is likely to equal the record, because it is doubtful if there is another city similarly situated either naturally, financially, or politically. Rio de Janeiro is the capital city of a nation which is just commencing to appreciate its own size and possible importance and to feel the force of its own resources. It is a federal district situated in the richest portion of the Brazilian Republic, the centre of national society, art, and national life generally. It is but natural that Rio de Janeiro should have the necessary influence in the Federal Government of Brazil to secure large appropriations for its betterment, and that the people of Brazil should take great pride in the city and its improvements. These conditions, combined with the favorable opportunity represented by the construction of port works, docks, warehouses, and approaches to the water front, have led to the transformation of Rio de Janeiro. The movement for the improvement of the city took shape in 1903, when it was determined to build improved port facilities. Two foreign loans, amounting to $36,000,000, raised in London for this purpose, were secured by the collection of a special tax of two per cent. ad valorem on all goods imported into Rio de Janeiro and paying other duties.

"It was determined to construct 3,500 meters (meter equals 39.37 inches) of improved docks with modern conveniences and enough water to carry the largest ships coming into the harbor. The planning of these docks developed the advisability of reconstructing many of the streets along the water front to better serve the port's commerce. The idea was then conceived of using this necessity for the embellishment of the city, plans for which at that time were before the authorities in a general way in the application of the prefect for a special loan of about $12,000,000 for the purpose.

"The result of the agitation and discussion was that the Federal Government determined to establish an elaborate system of fine avenues along the water front and back into the city to connect with the new port works.

The water front of Rio de Janeiro, extending along the shores of the most beautiful bay in the world, represents a series of semi-circles of from half a mile to a mile in diameter each, and ranging from the opening of the bay into the sea--marked by the famous Sugar Loaf rock, about 2,000 feet high, rising sheer out of the sea—to the lower end of the bay, where the new port works are located. The plan for the betterment of the city included an avenue or boulevard along this water front for the entire front of the city, thus ranging in a series of circular stretches, the whole representing a convex line, across the diameter of which were to be a series of subsidiary avenues.

"This plan has in general been followed. The principal portion of this great avenue passed through the business portion of the city and was called the Central avenue. A straight line was drawn from the end of one small bay to the beginning of another across the city, and the avenue was built on this line, no matter what was in the way, no matter whose property was involved. The Federal Government appointed a commission of three members, under the presidency of an engineer, and property involved in the construction of the avenue was purchased or condemned. The commission, as a rule, paid from ten to fifteen times the annual rent of the property as its value—*i. e.*, if property was comparatively new, the valuation was nearer fifteen times its rental; if it was old, it was nearer ten times its rental. There was comparatively little trouble over the matter, little litigation, and little dissatisfaction.

"The work of commencing the demolition of the old buildings for the construction of the new avenue across the city was commenced in March, 1904. The avenue was being finished at the time of the visit of Secretary of State Root, a little over two years thereafter. The official report gives the number of buildings destroyed at 590, about half of which were of the most substantial sort in the city. At the same time the continuation of this avenue along the sea front, involving in one case the destruction of what in most cities would be termed a mountain, and in another the filling in of a large portion of the bay, rounded out the great plan of driveways and boulevards.

"The new port works are at the north of the city's water front. Stretching back at right angles to the water front from the new docks run double driveway on either side of a small canal called the Mangue, substantially a mile in length. Along the water front to the foot of the Central avenue will stretch the new docks, backed by improved paving. The Central avenue and its continuation along the water front to the south runs for about four miles. In a rough parallelogram formed by the Central avenue and the boulvard along the Mangue Canal run a system of asphalted avenues amounting to a total length of perhaps fit miles, making the total modern paving laid in this improvement of the city not far from twenty-five miles. What this stupendous task has meant in actual execution, however, can be realized only by those who have known the old Rio de Janeiro. Hundreds of houses have been torn down for the widening of streets. Miles and miles of stone curbing and of stone pavements not counted as among the improvements noted have been laid. Improved sewerage and water service have been necessary. Withal, the improvements in the streets and public property have in some res, been but a small portion of the whole.

"Owners of property along the Central avenue have been allowed to construct buildings only on designs approved of by the municipal government. The result is that there is a well-defined plan of general embellishments marking the whole, and the avenue, with its buildings and with the vista of mountains and sea at either end, is unquestionably one of the finest in the world. Four years ago its site was a series of narrow, illy-paved and crisscross system of streets, mere alleys, according to the idea of American cities. In addition to the avenue, a total of more than twenty miles of streets have been widened, the system of parks connected by boulevards, the plazas paved and improved, and the entire city given an open, sunny, sanitary life.

"The exact cost of these improvements is somewhat problematical. The commission appointed for the construction of the Central avenue had spent up to the end of the half year in June of this year, a total of nearly $16,000,000. Probably there is considerable cost yet to be added to this account. In 1906 the amount expended by the municipal government of the Federal capital as distinct from the Federal Government, on pavements was 19,118,837 milreis; in 1905, 6,014,809 milreis; in 1904, 4,859,-689 milreis, a total of about $9,600,000 at average exchange for the period. Some of this has been expended for work that would be expected in the ordinary course of municipal administration, but this has not been great, and it is probable that some work has been paid for out of appropriations not noted. The expenditures for the public portion of the street improvements, therefore, probably amount to something like $25,000,000, although too much confidence should not be given to these figures.

"As a part of the improvements the Federal Government has constructed along the Central avenue a number of public buildings, notably the Palacio Monroe, the replica of the Brazilian building at the St. Louis Exposition, and in which the last Pan-American conference was held. The municipality has undertaken the construction of a municipal theatre whose cost up to August 31 has been about $2,632,640. It is not completed. Of course, the amount of building for private property owners has been immense. The entire space covered by about 600 houses torn down for the construction of the Central avenue, except the space actually occupied by the avenue itself, has been rebuilt with modern buildings. Most of these have been constructed with a view to presenting as much face to the avenue as possible, the result being a large number of shallow buildings, many of irregular shape, but all making a splendid appearance. The building along the avenue has been merely the incentive to building on other new avenues and in the city generally. A good share of the structures are of stone, but the vast majority of them are of brick with cement and concrete facings. In line with the general Brazilian policy most of the business buildings are of three stories, some of four, with few any higher. Only one modern 'skyscraper' ranges on the sky line of the Central avenue, and that belongs to a newspaper of strong American business sympathies.

"Financially the Central avenue has not paid those holding property upon it. In the first place the immense amount of building has raised the price of labor and materials, so that building has cost much more than it would ordinarily. Taxes on municipal property are high and the two elements have combined to make rents very high. Withal the improvement has not brought business, the people of Rio de Janeiro still clinging largely to the old retail streets. It is stated by reliable authority that 75 per cent of the business failures among retailers in Rio de Janeiro last year were of establishments upon the avenue. Probably in time there will be a readjustment, but at present avenue property owners are far from encouraged."

ECUADOR.

CONSUL-GENERAL H. R. DIETRICH, of Guayaquil, forwards the following information concerning the water supply, population, public buildings, etc., of Quito, and the exports and imports of Ecuador:

"Ecuador has at present an estimated population of 1,500,000, and an area of 22,840 square leagues. A large portion of its territory is yet to be explored, particularly that lying on the trans-Andean side, which is reported to possess good soil, rich forests, and in some districts valuable mineral deposits. The chief industry of Ecuador is agriculture. The principal products are cocoa, coffee, ivory nuts, cane sugar, rubber, rice, and tobacco. Its principal port and most important commercial city is Guayaquil, which is situated on the Guayas River, 36 miles from the gulf, and has an estimated population of 70,000.

"Quito, the capital of the Republic, is situated in the interior, on the high table-lands in the central part of the province of Pichincha, at the foot of the eastern slope of the volcano of the same name, and on the northern bank of the Machangara River, a small tributary of the Rio Guallabamba. The city of Quito proper is quadrangular, and lies about 9,500 feet above sea level, some fifteen miles south of the equator. The streets are straight, generally crossing at right angles, very uneven, on account of the difference in elevation in different parts of the city, and few of them are more than twenty feet wide. The streets are paved with cobblestones, and the sidewalks, which are also narrow, are paved with small, rough flagstones from a quarry in the vicinity.

"The houses are usually two stories in height, built of adobe, with flat roofs of red tiles. There are few windows facing the streets, the rooms of the houses being lighted from an inner courtyard surrounded by balconies above. The entrance to the courtyard, which also leads to the main entrance of the building, is generally high enough to admit a mounted horseman. Heating is not provided for, though sometimes the temperature drops to the freezing point. The stores are small and usually without windows.

"The streets are lighted by electricity. Water, which is obtained from the adjacent mountain, is delivered to the city through public fountains or brought in jars from the mountain. At present that served through the fountains is badly contaminated. Ice is brought from the mountain, and is also manufactured. Drainage is facilitated by the inclination of the streets, the number of natural drains, and the heavy rainfall. In the city of Quito are five plazas, or squares, a botanical garden, a hippodrome, and two public promenades, the larger being shaded with eucalyptus, oak and other trees. The city also has five public libraries, two museums of natural history, two chemical laboratories, an arsenal, several hospitals, two banks, and five hotels. There are within its limits thirty-three churches and six convents, occupying nearly one-fourth of its area.

"The Franciscan monastery, said to be the largest in the world, possesses extensive farms in the vicinity, and its various buildings occupy an entire square. The most conspicuous buildings are the Government palace, President's palace, archbishop's palace, palace of justice, municipal building, Sucre theater, and the astronomical observatory. Education is provided for by a university, four colleges, a medical school, an institute of science, a school of arts and trades, an academy of fine arts, a theological school, three seminaries, and three schools for young ladies. A telephone service is maintained. Manufacturing interests are represented by twenty-two flour mills, a number of breweries, and a sugar refinery. There are also establishments engaged in the making of woolen blankets, ponchos, bayetas, common carpets, matting, shoes, Indian felt hats, furniture, pottery, saddles, carts, adobe, hard bricks, roofing tiles, chocolate, cheese, and candles.

"Quito is noted for the large amount of religious painting and sculpture done within its limits and exported to adjacent countries. Laces and embroideries are also made. Other important industries are the carving and coloring of small figures from vegetable ivory, and the drying of bird skins, particularly the skins of humming birds brought from the Napo River by the Indians. The city has telegraphic connections. Severe earthquakes were experienced in the years 1844, 1859, and 1887. The population is estimated to be 80,000. The distance from Guayaquil to Quito is 280 miles and can be covered in two days.

"In 1900 the exports from Ecuador were value at $7,835,856, of which $1,622,163 went to the United States. The imports for the same year were valued at $6,708,439, of which $1,715,215 came from the United States. The exports in 1906 were valued at $11,690,243, of which $3,920,776 went to the United States. The imports for the same period were valued at $8,505,800, of which $2,328,450 came from the United States. It may be well to remark that the bulk of the imports come from Europe. Furthermore, owing to the many years of experience that the European manufacturers have had in doing business with this country, during which time they have made a careful study of the requirements of its people, and also to their system of allowing long-time credits, it is safe to assume that the American manufacturer, in order to break those long-welded ties, will find it necessary to offer to the importers special inducements in the way of low prices, prompt and careful execution of orders, etc."

LATIN-AMERICAN BANKS.

CONSUL-GENERAL ALBAN G. SNYDER writes that after carefully looking over the ground he has formed the opinion that, next to the establishment of an American steamship lines to Buenos Aires and other South American ports, the most important movement for the furtherance of American commerce would be to establish an American bank in the Argentine and other South American centers. Mr. Snyder continues:

"Among the many unsolved riddles of business this is one that seems so capable of adequate solution that the man of inquiring mind is bound to ask why the American people have so long refrained from establishing banks of their own in the leading South American Republics.

"It is a generally accepted axiom of trade that as soon as the volume of business between two countries reaches a suitable figure such business needs the establishment of direct banking facilities between them. Not only is the trade more quickly developed by this means, but it develops along safer lines as far as business credits are concerned. It is clear that this is most important, and that inside information as to general trade conditions and particular financial positions of business houses can best be obtained from bankers through whose hands all such business must ultimately pass. Such authorities are in a favorable position for securing all sorts of information and for gathering statistics of immense value for purposes of comparison, which all tend to influence the trend of trade to and from a country.

"A trader seeking to develop his export business should know the prevailing conditions and prospects in the far distant land to which his goods are going and is not likely to venture so far afield unless he is satisfied that the solvency of his correspondents is beyond question and that the source of his information on this score is beyond suspicion. While the consular service has been and can be of much service in this respect, its field of action is limited by statutes and otherwise, and, moreover, the merchant naturally feels safer in dealing with an institution with the methods of whose administration he is familiar and which knows on its part what particular questions and which points of view are chiefly of interest to him.

"Again, it must be borne in mind that under present conditions all banking profits resulting from commercial operations between the United States and South American Republics are pouring into the pockets of corporations foreign to the United States. That such profits are very considerable is evident by an inspection of the returns of the established banks in this city, their capital and dividends, as well as the large figures for imports into South American countries from the United States. Payments for these imports have to be made either in produce shipped or in specie.

"This balance of trade is arranged by remittances through the world's bank clearing house, London. In other words, if a merchant in South America needs to send money to New York, he buys from a banker in Buenos Aires a draft on a banker in New York. The price of this draft is determined by the prevailing rate of exchange ruling between Buenos Aires and London in the first place and between New York and London in the second place. As soon as the draft is issued in Buenos Aires some London or other European banker is credited with the amount, and when the draft is paid in New York such London or other European banker is drawn on for the amount by the New York banker. In case other European bankers are employed their balances are ultimately settled in London. In the end London always figures as the seat of ultimate liquidation.

"With the establishment of an American bank such differences would be settled between New York and Buenos Aires direct, because the business would provide room for a rate of exchange based upon the actual balances between the two branches. The profits on remittances and exchanges would be considerable, as merchants would always be able to get a better rate of exchange than they can under present circumstances. In order to secure himself against any unfavorable turn of the exchange between New York and London which he cannot foresee—say, thirty days ahead (the time necessary for the draft to reach New York)—the banker here is obliged to quote a rate which includes a good margin of security for himself. If the business could be done direct, the London rate would not enter into the question at all and the rate could be fixed on a much more secure foundation.

"Whether the banking community of the United States is too much concerned with internal banking matters or whether it exhibits a turn of character which may be said to be conservative, or whether bankers consider that capital can be better invested otherwise than in foreign banking business, or whether they prefer to work with agents and so leave a large portion of the profit to some one else, the one undeniable fact remains that a valuable field is being daily left unattended and profits legitimately belonging to American interests are allowed to go to outsiders who wonder why the generally astute American should allow such a state of affairs to continue.

"The extremely slow banking methods in vogue here, with the consequent loss of much valuable time, and other disadvantages to the greater development of American trade resultant therefrom, all go to emphasize the great need of such an enterprise."

OPPORTUNITIES IN PERU.

CONSUL C. C. EBERHARDT, writing from Iquitos, says that in a country where all energies seem bent toward the exploitation of one article or product, as is the case in eastern Peru in the extraction and exportation of rubber, the opportunities for investment along other lines are reduced to a minimum, yet a limited number of such opportunities do exist in that district, which he thus describes:

"For the consideration of capitalists at home seeking investments in foreign fields, a few of what seem the more important of these are presented herewith. The most important would be in local improvements in Iquitos, which has in fifteen years advanced from a village to the shipping centre of eastern Peru, having exported in 1906 more than 2,000 tons of rubber of different grades, valued in United States currency at $4,989,899; imported $3,148,713 worth of merchandise, etc., and collected import and export duties to the amount of $812,273. In municipal improvements, however, the town has not kept pace with this progress, and in this respect is still an overgrown village. The water supply is from springs, surface wells, or that caught in receptacles from the almost daily rains; there is no sanitary drainage, no pavements, no telephone system, only a small narrow-gauge railroad, which does a very good business but which is entirely inadequate for the needs of the town in the matter of transportation of the vast amount of freight that passes between the pier and the business houses.

"A newly established electric light plant has excellent prospects ahead. Aside from the electric light, the railroad, and possibly the water supply system, it would hardly seem that any one of these projects could be undertaken with any great hopes of ultimate success. The telephone, by itself, for instance, certainly would not be a paying venture for some time. By combining them all, however, there seems little doubt of the ultimate success of the ventures, based upon the further growth and success of Iquitos herself, which seems certain to continue. A stock company could be formed and concessions sought from the Peruvian Government for the construction and maintenance of these projects. Conversation with prominent citizens of Iquitos leads me to believe that by sending a practical man here to look over the situation, to make drawings, etc., which might convey a clearer idea as to what is wanted, and which should accompany the application to be presented at Lima, such concessions could easily be obtained, for the Government, while anxious to see this section of Peru develop, is of itself not in a position to render financial assistance.

"It is stated that surveys were made by a representative of the Government about two years ago looking toward the construction of drainage and water systems; that this representative, with concessions for these improvements, went to the United States in the hope of interesting capital, but his demands, far in excess of the real necessities for such work, were too exorbitant, and nothing has yet been accomplished.

"Iquitos' prospects for continued success and advancement may be said to be based absolutely upon the rubber industry. It is true that the forests are wonderfully rich in cacao, hard woods, and trees and herbs of medicinal qualities, etc., yet it will be many years, if ever, before these articles can be exported in quantities to be of any great commercial importance to the town. It seems certain that they can never become so greatly in demand as rubber.

"It is always a source of surprise to the new arrival in Iquitos to learn that there is no such thing as a bank in the town. If he wishes to buy or sell a draft on Europe he can do so only by dealing with any one of several of the strongest business houses, who will be sure to charge him a handsome margin, while New York drafts are hard to negotiate at all. The absence of telegraphic communication with the outside world seems to be the chief obstacle to the establishment of a bank in Iquitos, for to conduct such a business successfully one must be more or less in touch with the daily fluctuation in prices on the rubber market, as the slightest rise or fall in price must necessarily greatly affect investments in a product of so much value as rubber. A bank, with small capital, was started in Iquitos some two years ago, but closed its doors after less than a year's existence. A bank with a large capital, say $250,000, could not help doing well, particularly if local merchants could be induced to take stock in it, and several have advised me that they would willingly do this. Hypothecating business would also yield a handsome return, as 1½ and 2 per cent. per month are the usual rates of interest, and during the rubber-buying season most of the houses are badly in need of cash and would borrow for probably six months' time, while many of them are continually in need of ready cash.

"Actual cash is always hard to obtain, but particularly so during the rubber season (from November to May), when drafts on Europe can be purchased at rates far below par—during the past season several times as low as 9.3.

"The Government has recently placed in circulation the 'quinta,' a gold coin about the size and value of our $1 gold piece."

BANKING IN COLOMBIA.

CONSUL I. A. MANNING, of Cartagena, has compiled the following information concerning the financial institutions of the Republic of Colombia:

"As the banks of Cartagena are all private concerns there is no way to get at the volume of business they may do, nor their capitalization, for the reason that they do not announce their capital. One, the Banco Union, which is doing the principal business here, is said to have capital amounting to about $350,000. The Bank of Bolivar, which, if successful in making some arrangements under way, will open for business about November 1, will be capitalized at $500,000. It has an arrangement with the Banco Central, which acts as fiscal agents for the Government, by which they will be allowed to issue bills amounting to $1,000,000 in gold.

"The Banco Central, it is said, has a monopoly of Government banking, collecting all customs dues and revenues of the Government, and all Government funds are banked with the Banco Central. This bank has an agent at Cartagena, but does little local banking of a general character. The Banco de Bolivar is intended to act as the representative here of the Banco Central if the plan becomes effective. It has a contract with the Banco Central for ten years, and for the privilege of the emission of $1,000,000 is to pay the Banco Central 3 per cent. per annum on the amounts, beginning with the delivery of bills to the Banco de Bolivar.

"The Banco Central has also the monopoly of the manufacture and sale of liquor, as well as of imports; of export of hides from the country; and tobacco importation; and they supply all exchange to the Government, pay troops and official salaries, and act as general fiscal agents. I understand that recently some German capital was put into the Banco Central by a Barranquilla firm.

"It is learned that the new bills of the Banco Central, based on English gold, that is, $5 bills, or of 5 pesos having the relative value of the pound sterling, are beginning to be placed in circulation. The Government bills circulate generally throughout the country and are required to be accepted, the Government fixing, as far as possible, the rate of exchange for gold. The present rate is about on the basis of $101 to $102 in Colombian bills for $1 American gold. American money is in general circulation here, and most all contracts are made in that medium.

"The banks here do a general banking business, that is to say, discounts, loans, and accept deposits subject to check. No interest is paid on time deposits, however, so far as can be learned. From all that can be gathered, it may be stated that credits here average fairly well, and there is no reason why banking in Colombia under proper safeguards and with the proper conservatism should not be perfectly safe as an investment."

FINANCES OF COLOMBIA.

IN a letter to the New York "Sun," under date of December 3, C. M. Sarria, Consul-General of Colombia, says:

"During the last few years whenever any reference has been made in the American press to the monetary system of Colombia a wrong impression has been created by the actual rate of exchange being quoted as 10,000 per cent. In response to various inquiries, I wish, if possible, to correct the erroneous idea.

"The Government of Colombia established some time ago in Bogota, the capital, a central bank, known as the Banco Central, for the purpose of regulating and centralizing national finances, and fixed in a firm and definite manner the value of the paper money as compared with gold, giving to the one dollar bill or paper peso of Colombia a value equivalent to the one hundredth part of the American dollar, and established the par rate on foreign exchange as 1,000 pesos (paper money) to 1,000 cents American currency.

"Colombia only negotiates to-day on a gold basis, the paper one dollar bill taking the place of the American cent, so that exchange is really at par when it is at 10,000, and at 1, 2 or 3 per cent. when it is at 10,100 or 10,200 or 10,300, respectively.

"The Government of Colombia is lending its best efforts toward the gradual conversion of the paper money into metallic currency, so that as soon as the paper now in circulation disappears gold will take its place.

"At present taxes are collected and all payments made in gold by the Government, paper money being used as a circulating medium only. This was done after a legal value of 100 paper units to one gold unit had been established."

INTER-CALIFORNIA RAILWAY OPENED.

THROUGH the territory saved from devastation by the success of the Southern Pacific in turning the Colorado River back into its banks, the company announces the opening of the Inter-California Railway, from Calexico to Paradones, Mexico. Physically a continuation of the Southern Pacific's branch from Imperial Junction to Calexico, the Mexican extension of this line is the first railroad ever built in Lower California. When completed it will form an arc fifty-four miles long, with the international boundary as a base, rejoining the Southern Pacific main line near Yuma.

Completion of this loop route for the service of a large territory, rapidly developing into one of the most phenomenally productive sections in the world, was made possible by the energy with which the Southern Pacific Company responded to President Roosevelt's call upon Mr. Harriman to dam the break in the Colorado. Bringing into service every resource of the railroad in men, money and equipment, the first closure of the break was accomplished in fifteen days, during which 77,000 cubic yards of material were dumped into the 1000-foot breach through which the river was rushing. Since then the company at its own expense has continued to reinforce and extend the dam.

That no fears are entertained of another break in the river banks is shown in the company's rapid completion of the new road, traversing the southern part of the Imperial Valley, where a year ago hundreds of thousands of acres lay in the path of the overflowing waters. The railroad built down the Colorado to the dams now holding back the river will eventually connect with the Inter-California coming eastward.

Built with light grades and little curvature, the Inter-California will serve the section including the Colorado Improvement Company's territory, to the north of which and on the same line are Brawley, Imperial and other towns, already the centres of remarkably productive irrigated farming.

With a population of only 10,000, property in the Imperial Valley is now estimated to be worth $5,000,000. No less than 100,000 people will find homes in this section, the only need of which after its rescue from the Colorado overflow was the railroad now placed in operation.

HONDURAN RAILROAD EXTENSIONS.

CONSUL DREW LINARD, of Ceiba, shows in the following report how the extension of railroads in Honduras is opening up the Republic for development:

"The Vaccaro Brothers railroad, now in course of construction to connect Ceiba with Porvenir, Salado, San Francisco, and Santiago, situated 35 miles to the west, is expected to be in operation some time in the spring of 1908. Three spurs from the main line at different points will penetrate five to eight miles inland, tapping many thousand acres of undeveloped agricultural land, while the projected extensions of these spurs will eventually reach the neighborhood of the valuable hard-wood timber tracts located some 20 miles back of the coast line.

"The completion of this first instalment of the 150 miles of projected road is expected to divert the greater part of the marine commerce from the towns mentioned and centralize the bulk of commerce and shipping in Ceiba. Considerable impetus to trade and commercial activity is therefore confidently looked for by the merchants here, and a general movement toward improvement in municipal details, erection of dwellings, and the ample stocking of stores is being made in anticipation of the expectant boom."

RAILWAY BUILDING IN BOLIVIA.

THE contract between the Bolivian Government and Speyer Brothers for the construction of railways is a very extensive one. The capital to be employed is $26,000,000, with an additional capital of $10,000,000 for urgent cases. The Government guarantees an interest of five per cent. on $18,000,000, furnished by the syndicate, and will supply $12,000,000, which will be returned in twenty-five years.

The Speyer contract is to construct railways in the interior from Viacha to Oruro, with branches to the railways from Arica to La Paz, from Oruro to Cochabamba, from Uyuni to Tupiza, and from Potosi and La Paz to Puerto Pando. The time stated in the contract for the completion of these works is ten years, with a fine of 1,000 bolivianos per day if that time is exceeded. On completion the syndicate will return to the Bolivian Government the $250,000 spent in surveying and other preliminary expenditures.

The railway line to Cuzco has been completed as far as Checacupe by the Government, from whence it will be constructed by the Peruvian corporation, as stated in the newly made contract with the Peruvian Government.

NEW MEXICAN RAILWAY LINE.

VICE-CONSUL A. W. BRICKWOOD, of Nogales, reports that under date of September 7, 1907, a contract was executed to construct and exploit for a term of ninety-nine years a railroad in the Mexican State of Sonora, the route being as follows:

Starting on the railway from Naco to Cananea, it is to terminate in the town of Nogales, a distance of 100 miles. The entire line must be built within eighteen months. The route has been surveyed, and grading has already been done from the east end of the new line from a point called Verde for a distance of more than ten miles, and rails are being laid over this portion. A large working force is also to be started grading from the west end of the road at Nogales. The railroad will be a great advantage to the frontiers of the United States and Mexico, connecting important mineral regions, putting the west coast of Mexico in closer touch with the markets of the United States, furnishing a shorter shipping route, and making it possible also for those sections tributary to Cananea and Nogales to be reached without leaving the State of Sonora.

With the building of a railroad that is projected from Ciudad Juarez, State of Chihuahua, on the frontier opposite El Paso, Tex., to Cananea there will be a continuous line of railways along the frontier from Ciudad Juarez, Chihuahua, to Nogales, Sonora.

GENERAL NOTES.

—S. M. Felton, president of the Chicago & Alton Railroad Co., was recently elected president of the Mexican Central Railroad Co., and will have his headquarters in the City of Mexico.

Eben Richards, who has been acting president of the Mexican Central since the retirement of former President Robinson, is to resume his former office of vice-president and general counsel.

—Messrs. Geo. D. Cook & Co., of New York, who make a specialty of Mexican investments, report that out of a sale of such securities amounting to \$145,000,000, only \$13,000 have been returned, and that there has been no depreciation in the value of the securities.

—According to Consul-General George E. Anderson, of Rio de Janeiro, announcement is made by the Lamport & Holt Line of steamships, running between New York and Brazilian and other ports of the east coast of South America, that, beginning at once, a fortnightly service of large ships is to be established and maintained between these ports so long as business justifies. The arrangement also includes one steamer a month, or rather about every three weeks, to the River Plata.

—Beginning December 10 the Iron Mountain, Texas & Pacific and International & Great Northern lines of Mexico will run a special sixty-five hour train from St. Louis to the City of Mexico. This train is composed of sleeping-cars, dining, library and observation cars, and will be run every Tuesday and Friday. It will be known as the "Mexico-St. Louis Special."

—"The Spanish Series" of books, published by the John Lane Co., New York, include the following works already issued: "Seville," "Murillo," "Cordova," "The Prado," "The Escorial," and "Spanish Arms and Armour." Other works in preparation are "Goya," "Toledo," "Madrid," "Velasquez," "Granada and Alhambra," "Royal Palaces of Spain," "Leon, Burgos, and Salamanca," "Valladolid," "Ovideo," "Segovia," "Zamora," "Avila," and "Zaragoza."

—"Mexico and Her People of Today" is the title of an interesting volume by Nevin O. Winter. L. C. Page & Co. of Boston are the publishers.

—"Bolivia" is the title of a book by Marie Robinson Wright, published by George Barrie & Sons, Philadelphia. It is a handsome, illustrated volume, and contains a mine of information relating to Bolivia. While the descriptions of ancient ruins and picturesque features render the book extremely interesting, it is especially valuable for the exposition made of the country's immense natural resources.

—The growing dependence of the United States upon the Tropics for material for use in its factories and on the tables of its people is illustrated by some figures just prepared by the Bureau of Statistics of the Department of Commerce and Labor. The imports of tropical and sub-tropical products amounted to 218 million dollars in 1885, 303 millions in 1895, and 508 millions in 1905; and will exceed 600 million dollars in the calendar year 1907. Part of this large and growing importation from the tropical and sub-tropical countries is for use in the workshops of the United States, while another portion forms an important part of the food supply of the people of the country. India rubber, fibers, raw silk, raw cotton, and part of the raw wool brought into the United States for use in the factories originates in the tropical or sub-tropical sections of the world; while the coffee, cacao, tea, spices, rice, and a large part of the sugar and fruits and nuts also originate in the Tropics.

—According to Consul Pierre Paul Demers of Barranquilla, Colombia offers a large field to the mining explorer, the prospector, and the investor. She possesses immense mines of alluvion with an average return of 50 cents a ton. As to the quartz mines, they are almost virgin, mostly on account of the lack of transportation, lack of passable roads in the high Cordilleras, the absence of practical men, and the scarcity of capital. The programme of the new Colombian Administration is to construct more railroads, and the work in that direction is now progressing.

—In 1906 Peru's exports were valued at $28,479,404 and the imports at $24,953,602. On this showing there is a balance of trade in favor of Peru of over $3,500,000. The imports of Great Britain fell off over $600,000, while those of the United States increased 37 per cent., and of Germany 26 per cent. Should the United States make a similar increase this year, it will overtake Great Britain and be easily first. Both Spain and Italy have fallen off, and the other countries have barely held their own. In exports Great Britain is far and away the best customer of Peru, though compared with 1905 there has been a decrease of nearly $3,000,000. Chile is easily second, with a substantial increase. There was an increase in the sales to the United States of $550,000, and a like amount to Germany. With the exception of Chile and Bolivia the exports to South American countries show a remarkable falling off; especially is this the case of Brazil and Ecuador.

—Formerly there was only one bank in Arequipa, the Banco del Peru y Londres. The Banco Aleman Transatlantico and the Banco Italiano have, fortunately, established branch houses in Arequipa, and the Banco del Peru y Londres and the Banco Italiano have also opened branch houses in Mollendo. The Banco del Peru y Londres has an office in Cuzco.

—Professor William R. Shepherd of Columbia University, who recently returned from a trip to South America, said: "There are no American banks in any of the countries, and as a result Americans have to use the English or German banks, where they are quite naturally discriminated against in favor of compatriots."

—On November 4 Dr. Angel Ugarte presented letters to the President accrediting him as Envoy Extraordinary and Minister Plenipotentiary of Honduras.

—The total population of the Argentine Republic is placed at 5,974,771, which is an increase of 296,574 over the figures for 1905, and is also the largest gain reported in any one year.

—The capital invested in railways in Argentina rose from $40,000,000 in 1880 to $645,000,000 in 1906. Most of this has been invested by English capitalists and some by French capitalists, but other nations are now also realizing the advantages to be obtained from investments in this country, and two valuable concessions for new railroads have been granted this year to some French-Belgian capitalists.

—A Brazilian National Exposition will be held at Rio de Janeiro, commencing in June, 1908.

"The Continent of Opportunity," by Francis E. Clark, has just been published by the Fleming H. Revell Co. of New York and Chicago. It deals with the republics of South America from Panama to Argentina, giving their history, resources and prospects, together with a traveler's impression of present-day conditions.

—It is said that a great quantity of German capital is going into Colombia for investment in various ways. Germans now control the tobacco crop of Colombia, and it is said will attempt to do the same with the cotton crop. German capital is being largely invested in transportation lines and banking, Mr. Luis Giesecken having recently put a large sum into the Banco Central, the principal banking institution of Colombia, and the company most intimately connected with the liquor, manufactured tobacco, and various other monopolies.

—Lendell M. Gray, of San Francisco, general manager on the Pacific Coast for the Kosmos Line, announces that he has completed arrangements with the Panama Railroad and with steamship lines on the other side of the Isthmus for a regular service between the coast and the rest of the world by way of Panama.

A MISNOMER.

THE Panama Canal bonds are evidently misnamed. They ought to be called Money Market Relief Bonds.

MODERN FINANCIAL INSTITUTIONS AND THEIR EQUIPMENT

THE COMMERCIAL NATIONAL BANK OF CHICAGO.

ON the 14th of October the Commercial National Bank of Chicago moved into its new building at the northeast corner of Clark and Adams streets, directly opposite and overlooking the Federal Building.

DESCRIPTION OF THE NEW BUILDING.

The exterior of the bank building is in Italian Renaissance style, and it is said that the treatment of the mass reconciles the practical necessity of the modern sky scraper and the laws of aesthetics more closely than any tall building yet constructed in the West. Its cost is approximately $4,000,000. It is eighteen stories, or 260 feet, in height, thus being one of the largest buildings in Chicago.

From the Adams Street entrance a marble staircase, fourteen feet wide, leads up and into the main banking room. This staircase is protected by massive solid bronze railings, whose pure Greek design has been worked out with an unusual degree of refinement of lines and proportions.

The whole interior of the bank office is Greek in spirit, and its architecture depends for its beauty upon proportion and pure line rather than ornament. Its dignity is consistently maintained throughout the entire office.

A great span of skylight, unobstructed by pillars, covers the public corridor, which is about 60 by 100 feet in dimensions. The lights are so placed in the skylight and walls as to show up advantageously the beauty of the architecture of the court. The massive piers, enclosing the great court, are lined to the height of 7 feet 6 inches with Istrian marble, and above that to the ceiling with Caen stone.

The tellers' cages are screened by dignified appearing bronze grille, the detail of which is wrought out with great care and refinement. The practical details of the arrangement, inside the cages and of the clerks' quarters, have been studied out with the result that they are practically perfect so far as convenience, utility and appearance are concerned. H. E. Smith, assistant cashier of the bank, had charge of this part of the work.

HON. GEORGE E. ROBERTS,
President Commercial National Bank, Chicago. (Former Director United States Mint.)

Placed at regular intervals about the public lobby are magnificent bronze candelabra about ten feet high and of pure Greek design.

At the entrance to the ante-room, leading to the officers' quarters, are two beautiful Corinthian columns of pure white marble supporting the entablature of the same material.

The offices of the president, and first and second vice-presidents are fitted up in a luxurious manner and with the idea of maintaining in each room a harmonious color scheme in the furniture, rugs, wall friezes, ceilings and chandeliers. The president's room is wainscoted in what is ordinarily known as East India mahogany, a very beautiful wood. The first vice-president's room is finished in Cuban mahogany, and the color

NEW COMMERCIAL NATIONAL BANK BUILDING, CHICAGO.

scheme is a soft gray-green, restful to the eye. The second vice-president's room is fitted up in Circassian walnut, and this rare wood is wonderfully well matched in walls and table. The directors' room is stately and fine in its general proportions. It is wainscoted in Cuban mahogany, and inlaid in lines of box-wood and ebony. The furniture in this room is dignified, simple, pure in line and not too bulky for use. The great table in the center is twenty-two feet long, and the top, which is in one length, is beautifully grained and finished. The chandeliers are finished in gold, and are rich and massive in appearance.

A corner of the office, next to the windows on the East side, has been set aside for the exclusive use of the bank's women patrons. A teller who will pay and receive will be stationed here. The room is handsomely furnished with rugs and Chippendale furniture.

COMMERCIAL NATIONAL BANK, CHICAGO.

The bank's armor plate cash and safety deposit vaults are the largest in the world.

The most modern methods have been used to make it proof against mobs, burglars and fires. Nickel steel, Harveyized armor plate, the material employed by the United States Government, and, in fact, by all the powers of the world to protect their battleships, is the basis of the construction. In the bank vault proper, 225 tons of armor plate have been used.

The vestibule of the vault is ten feet square, the walls eight inches thick, the door jambs fourteen inches thick, forged from one solid ingot of armor plate weighing about thirty tons. The interior dimensions of the vault are—length, thirty-six feet; width, seventeen feet; height, nine feet. This vault will be used for cash, collateral and valuable papers. Its locking and bolting devices are of the most modern type, being operated automatically and governed by time-locks with four movements each. Every square inch of the surface of the vault has been gone over minutely for possible flaws by inspecting engineers. The door at the main entrance is eight feet in diameter and twenty-one inches thick, weighing seventeen tons. The inner folding doors will be four and one-half inches in thickness, fitted with bolted mechanism controlled by double dial combination locks. The emergency entrance, about large enough for a man to crawl through, will be equipped with doors similar to those of the main entrance.

A system of burglar alarms has been woven in through and around the vaults, that will sound a warning the moment the vaults are tampered with, and will give notice of the exact place from which the alarm originated.

The building was constructed under the direct personal supervision of William J. Chalmers, and is owned by the Commercial National Safe Deposit Company, of which he is president. Thomas R. Tinsley has been in charge as Superintendent of Construction, and the building has been completed under him.

D. H. Burnham & Co. are the architects of the building, the work being entrusted by them to the special care of Mr. Frederick Phillip Dinkelberg, architect, who also designed all the furniture, rugs, electric light fixtures and decorations for the officers' rooms and main bank lobby.

Sketch of the Bank's Progress.

The Commercial National Bank is one of the oldest banks in Chicago, having been organized in 1864. It has always been a strictly commercial bank, conducted along conservative lines. The bank has experienced a steady, uniform and prosperous growth down to the present, keeping pace with the development of the great commercial community in which it has always been an important factor. It was organized with a capital of $200,000, which has been increased from time to time as follows:

October, 1866, to	$250,000.00
March, 1868 to	500,000.00
March, 1885, to	1,000,000.00
January, 1902, to	2,000,000.00
April, 1907, to	3,000,000.00

Its surplus and undivided profits at the present time aggregate over $4,000,000.

Its growth in business is shown by the figures for its deposits by ten-year periods, which are as follows:

1870	$1,700,000.00
1880	3,230,000.00
1890	7,254,000.00
1900	16,970,000.00
1907	40,903,000.00

It is a notable fact that this increase in deposits has not come by the absorption of other banking institutions, but is wholly the result of its

DIRECTORS' ROOM, COMMERCIAL NATIONAL BANK, CHICAGO.

own natural and substantial growth. It now stands thirteenth in order of deposits among the notable banks of the United States.

Officers of the Bank.

The first president, P. R. Westfall, served from 1864 to 1866; the second president, Henry F. Eames, for a period of thirty-two years, from 1866 to 1898; the third president, James H. Eckels, ex-Comptroller of the Currency, from 1898 to April 14, 1907; and the present president, George E. Roberts, ex-Director of the Mint, since August 1, 1907.

Mr. Roberts is a native of Iowa, and was a resident of that state until 1898. He was educated in the common schools of the state, and learned the printer's trade in the office of the Fort Dodge "Messenger," of which he afterwards became owner. He was elected State Printer for Iowa by joint ballot of the Legislature in 1882, at the age of twenty-four, and was twice re-elected, serving six years. When the silver agitation became dangerous, he wrote a pamphlet on the subject, entitled "Coin at School in Finance," the same being a reply to "Coin's Financial School." This was widely circulated by private sale and by sound money organizations in all parts of the country and by the Republican National Committee in the campaign of 1896. He also wrote a pamphlet entitled "Money, Wages and Prices," for the National Sound Money League, and another entitled "Iowa and the Silver Question," dealing particularly with the situation in Iowa as related to the doctrine of the free coinage of silver. One result of these writings upon financial subjects was his appointment as Director of the Mint, through the influence of the Hon. Lyman J. Gage, Secretary of the Treasury. The appointment was not a political one, and Mr. Roberts was not a candidate for any position. He was reappointed by President Roosevelt in 1903, and resigned in July, 1907, to accept the presidency of the Commercial National Bank.

The principal officers of the bank are: George E. Roberts, president; Joseph T. Talbert, vice-president; Ralph Van Vechten, second vice-president; David Vernon, third vice-president; Nathaniel R. Losch, cashier.

The bank has always had a strong board of directors, composed of men standing high in different lines of business in Chicago. The present board is as follows: Franklin MacVeagh of Messrs. Franklin MacVeagh & Company, chairman of the board; William J. Chalmers, president Commercial National Safe Deposit Company; Robert T. Lincoln, president The Pullman Company; E. H. Gary, chairman United States Steel Corporation; Darius Miller, first vice-president Chicago, Burlington & Quincy Railway Company; Charles F. Spalding, president Spalding Lumber Company; William V. Kelley, president American Steel Foundries; Robert H. McElwee, president Menominee River Lumber Company; Alexander F. Banks, president Elgin, Joliet & Eastern Railway Company; Edward P. Russell of Messrs. Russell, Brewster & Company; Alfred Cowles, president Rialto Company; Joseph T. Talbert, vice-president; Ralph Van Vechten, second vice-president; George E. Roberts, president.

The completion of the new building recalls the fact that the bank was burned out in the great fire of 1871, but as everything of value had been carefully placed in the vaults, no direct loss was experienced. Business was resumed in a temporary frame building and conducted under great difficulties for some time, but the bank retained its business and co-operated with great helpfulness in the rebuilding of Chicago and in the efforts of its patrons to re-establish themselves.

EDMUND G. VAUGHAN,
President National Bank of Cuba.

NATIONAL BANK OF CUBA.

THE National Bank of Cuba is one of the recognized international banks, with an organization which covers the world and gives Cuba banking facilities equal to any of the great nations.

The bank commenced business in July, 1901, with a paid-in capital of $1,000,000 and at the end of that year had deposits of over $4,000,000. After three years the capital was increased to $5,000,000. In the meantime dividends had been paid at the rate of six per cent. per annum until December, 1903, when the dividend rate was increased to eight per cent., which rate has been paid ever since.

The most interesting feature, however, of the bank's growth, is the increase in the deposits. Depositing with banks was totally at variance with the business methods of the Cuban people, with whom it was not at all unusual to find that a large merchant ordinarily carried in his safe hundreds of thousands of dollars in coin and notes. Gradually, however, the people have been trained to value the security and convenience of depositing their money, and to-day the National Bank of Cuba has deposits aggregating $14,500,000—an increase in less than six years of nearly $10,500,000. Eleven thousand deposit accounts are represented.

The bank is managed from Havana, where the head office is located. There are also two branches in the city of Havana covering the retail business districts, which previous to the opening of these banks had been entirely unprovided with banking facilities. Branches of the bank are located in the cities of Santiago, Cienfuegos, Matanzas, Cardenas, Manzanillo, Sagua la Grande, Pinar del Rio, Caibarien, Guantanamo, Santa Clara, Camaguey and Sancti Spiritus, and at all other towns special agents are maintained, while in addition facilities are afforded the people for doing business by mail.

The bank has always had an agency in New York for the transfer of its shares, which are held in eleven of the principal countries and in twenty-nine States of the Union. On December 1 a general agency was opened at No. 1 Wall street (corner Broadway) to take care of all classes of banking business for its customers, and where the business and correspondence can be conducted in English, Spanish, French or German. One of the assistant cashiers from Havana who is thoroughly familiar with the details of the business there has come to New York, and in addition special provision is made for affording the customers of the bank every opportunity to keep in touch with affairs in Cuba; also relative to Cuba's securities, products, exports and imports, plantations, and general information which may be useful in determining credits or in serving customers and correspondents abroad and in Cuba who may wish to reach any particular class of business.

The bank was established by Americans and secured a charter under the laws in force during the first military occupation by the United States. The bank is the sole depository for the funds of the Republic of Cuba, and through it all the disbursements of the Government are made. It is also depository for the Army and Navy funds of the United States Government.

The head office of the bank is in its own building, which was especially designed to meet the conditions in Cuba. It compares favorably

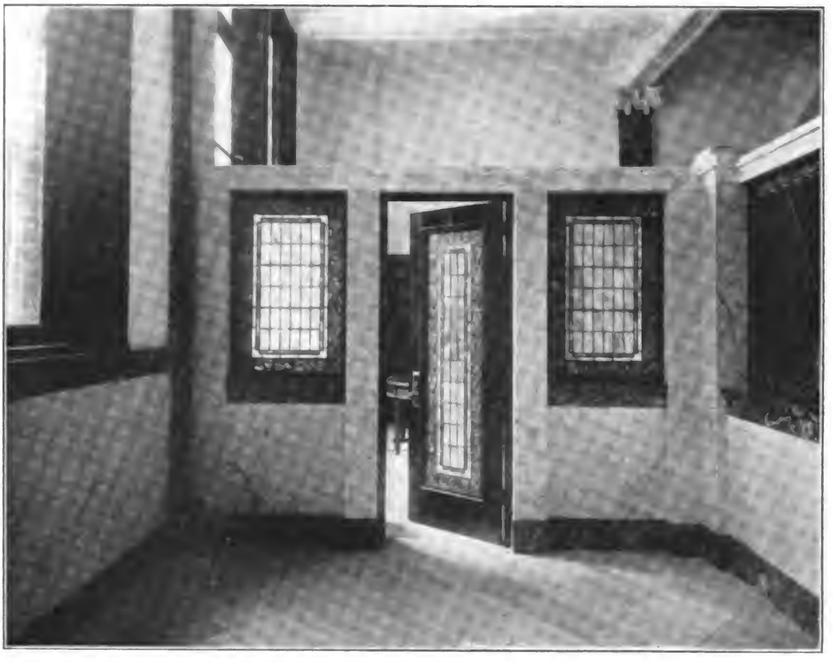
NATIONAL BANK OF CUBA,
Head Office at Havana.

in size and beauty of architecture with any of the large banks in the United States.

Of special interest to travelers is the tourist room and garden, which is provided for the holders of letters of credit and for customers whose mail is sent in care of the bank.

Public safe deposit vaults are located in the basement of the building.

The financial business of Cuba is essentially international, and the bank carries its accounts in three kinds of money—Spanish gold, Spanish silver and United States currency. In the daily transactions of exchange, however, it buys and sells francs, pesetas, pounds sterling, marks, liras,

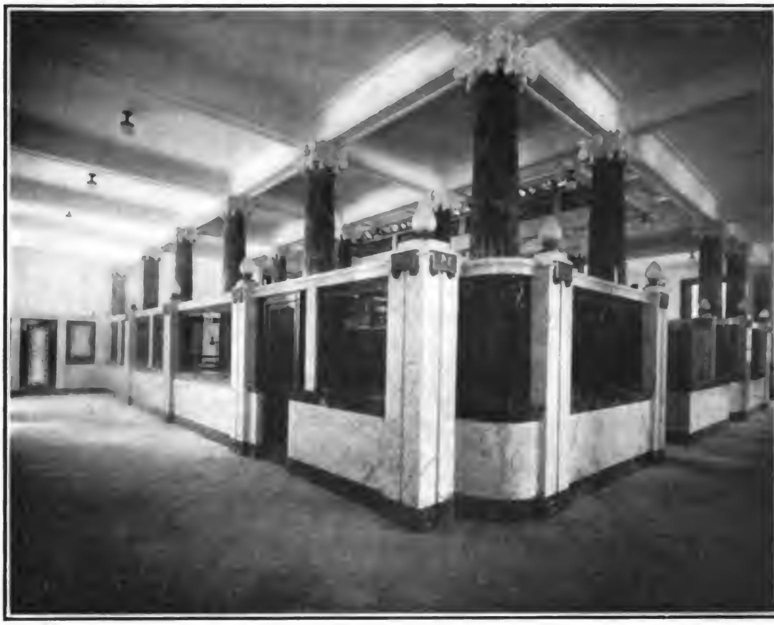


NATIONAL BANK OF CUBA—ENTRANCE TO TOURIST ROOM AND GARDEN.

yen, and the moneys of every nation. The exchange department is, therefore, very important, and last year it alone turned over $140,000,000.

The great bulk of collections in Cuba are made through the National Bank of Cuba and come from every part of the world, being either sent direct to Havana or to the nearest branch. They are not carried a single day, but remittances are made immediately. Cuban collections to be sent abroad are forwarded to the point nearest the drawee and the remittances made direct, the whole object being to give customers the quickest returns. Havana is divided into districts assigned to the different bank collectors and the districts are covered on receipt of every mail. Special collectors are kept for emergencies.

Another very important department is the loan and credit department, which is under the direct supervision of the loan committee composed of two officers and two directors. Large credits are fixed by the entire



Collection Department.

Stairway to Safe Deposit Vaults and Bonds and Securities Department.

NATIONAL BANK OF CUBA.

board of directors, and the detailed loan risks of all the branches showing the daily liability of borrowers are on file at the head office.

The bank is inspected and audited on a system similar to that used by the United States Government with the national banks. Independent chartered accountants examine the bank and certify to the balance-sheet prepared under their supervision.

The officers of the bank are: Edmund G. Vaughan, president; Pedro Gomez Mena, W. A. Merchant and Samuel M. Jarvis, of New York,

NATIONAL BANK OF CUBA—CASHIER DESKS.

vice-presidents; H. Olavarria, cashier; W. A. M. Vaughan, and Henry C. Niese, assistant cashiers; W. H. Morales, secretary; F. Sonderhof, manager foreign exchange department, and Henry M. Earle, New York secretary.

Its directors, in addition to its president and vice-presidents, are: Hon. John G. Carlisle, Jose Maria Berriz, William I. Buchanan, Ignacio Nazabal, and Jules S. Bache.

A SUCCESSFUL WESTERN BANKER.

ADOLPH BERNARD DAAB, first vice-president and organizer of the Farmers' and Merchants' Trust Company of St. Louis, which opened for business on October 1, is one of the successful and well known bankers of the West.

He was born in Belleville, Illinois, August 24, 1877, and received his early education in the public schools there, graduating in 1894. After a thorough course in Bryant and Stratton's Commercial College, he accepted a position as bookeeper for a large wholesale shoe house in St. Louis. He was connected with this firm for fourteen months, but left in May, 1896, to become collector for the Belleville Savings Bank. His integrity and worth were soon recognized and he was advanced from one position to another, finally becoming teller. He resigned January 1, 1902, to become the secretary and treasurer of the East St. Louis Trust and Savings Bank, with a capital and surplus of $500,000. But meanwhile Mr. Daab had organized the Bank of Millstadt, Illinois, since

A. B. DAAB.
Vice-President Farmers and Merchants Trust Company, St. Louis, Mo.

known as the First National, and had become its vice-president. Thinking that better opportunities lay elsewhere, he disposed of his interests in the St. Louis Trust and Savings Bank and on September 1, 1904, took up the brokerage business. On February 1, 1906, he organized the Germantown (Ill.) Savings Bank with assets of $125,000, and became its president. In September of the same year he purchased the First National of Freeburg, Illinois, with assets of $200,000, and has been its president since that time. He is also first vice-president of the City National Bank of East St. Louis, which began business October 15 of this year. Mr. Daab was vice-president of the Bankers Association of the State of Illinois for three years.

MONEY, TRADE AND INVESTMENTS

New York, Dec. 2, 1907.

SCARCITY of Money was the one dominating and disturbing element in the financial situation last month. It is true that much apprehension existed as to the safety and solvency of some of the banks, while the disclosures made regarding the men and the methods by which certain banks had been mismanaged were well calculated to sow distrust in the minds of the general public.

A situation which developed the suicide of two bank presidents and the wrecking of the reputations of a number of bank directors and officials who had been in good repute, was far from hopeful; yet the shocks to confidence appear to have spent their force without endangering the entire edifice of credit.

The financial interests of New York and of other cities have been called upon to put forth their utmost endeavor to save the situation. Had they been antagonistic or indifferent, the panic would have spread and intensified until enterprise would have been generally dethroned and credit almost entirely destroyed.

Some time the history of the panic of 1907 will be written impartially and from a clearer viewpoint than is now available. Then it is likely that the work done by a number of banks and bankers, unmentioned as yet, in safeguarding and strengthening the credit of weaker institutions will receive the recognition it deserves. Never did conservatism exert a wider influence in time of stress than during the present trying situation. The old-fashioned, conservative banker came to the front once more and was the bulwark which saved the country from the penalty which modern finance came near inflicting. Somehow history will repeat itself, and the one sure lesson of the recent upheaval is that the same natural laws govern business affairs to-day that were operative centuries ago.

The break in confidence which started in October brought about a strange situation indeed. At a time when the supply of money was not only the largest but of the highest standard in the history of the country, a currency famine sprung up. Actual money rushed to a premium. Buying and selling money became the business of the hour. The banks to protect their cash resorted to the device of paying checks only through the clearing-house, except where the needs of customers for payrolls, etc., had to be accommodated. This method spread to several cities, and in some of them the banks issued drafts, payable "to bearer," in small amounts. These passed from hand to hand as money and came very close to a violation of the national banking laws.

The banks in New York and also in other cities discontinued publishing their individual statements each week, and only the aggregate showing of all the banks has been given to the public since October 26. An examination of the figures published from week to week by the New York

Clearing-House justified the suspension of the detailed statements. The very first statement issued after October 26 showed a deficit of nearly $39,000,000 in reserves—the largest ever reported by the banks. The following week the deficit reached $51,000,000, the next week $53,000,000 and the next week $54,000,000. This was high-water mark, and on November 30 the deficit had fallen below $53,000,000. This, in view of the large disbursements for interest, etc., to be made early in December, was viewed as indicative of a favorable reaction.

The deficit on November 23 was the largest ever recorded. Until last month the largest deficit was on August 12, 1893, when it was $16,545,375. Not only was the deficit larger last month than ever before, but the ratio of reserve to deposits was the lowest touched so far as we have any records to show. On November 23 the reserve was just below 20 per cent. In the panic of 1893 the lowest point the reserve reached was 20.55 per cent.

Some interesting parallels may be drawn between the 1907 panic and the panics of previous periods. The more recent panics were in 1884, 1890 and 1893. The position of the New York banks in each of those troubled periods may be studied with some profit, and a comparison with the present will give opportunity for thought. In the following series of tables are grouped a number of important details:

1884-1885.

	Loans.	Deposits.	Reserve.	Surplus Reserve.	Reserve Per ct.
Feb. 9	$341,919,100	$361,395,600	$111,443,300	$21,094,400	30.83
May 24	313,178,000	296,575,300	67,536,700	*6,607,125	22.77
Nov. 29	285,514,600	325,825,300	123,723,500	42,267,175	39.97
Aug. 1	306,309,900	383,001,600	160,474,500	64,724,100	41.89

1890-1891.

	Loans.	Deposits.	Reserve.	Surplus.	Reserve Per ct.
Feb. 1	$404,272,000	$429,188,600	$121,565,600	$14,268,450	28.32
Sept. 13	393,160,000	383,250,900	92,505,800	*3,306,925	24.14
Jan. 31	389,688,900	411,044,700	126,704,300	23,943,125	30.82

1893-1894.

	Loans.	Deposits.	Reserve.	Surplus.	Reserve Per ct.
Jan. 28	$455,179,900	$488,779,600	$145,338,200	$23,143,300	29.73
July 1	413,650,400	397,979,100	100,746,500	1,251,725	25.31
Aug. 12	411,795,700	372,203,500	76,505,500	*16,545,375	20.55
Dec. 30	417,606,900	506,437,800	207,424,600	80,815,150	40.95
Feb. 3	419,530,500	551,808,400	249,575,100	111,623,000	45.20

1907.

	Loans.	Deposits.	Reserve.	Surplus.	Reserve Per ct.
May 25	$1,126,389,500	$1,112,640,500	$293,849,000	$15,688,875	26.41
Oct. 19	1,076,846,300	1,025,711,400	267,610,500	11,182,650	26.09
Nov. 23	1,187,998,400	1,079,818,800	215,851,100	*54,103,600	19.99

* Deficit.

One fact which the first three groups of figures demonstrate is that a rapid accumulation of reserves in the banks follows every revulsion. In 1884 the banks lost $44,000,000 between February 9 and May 24. Six months later they had $12,000,000 more cash than on February 9, and by August 1, 1885, the cash reserves had grown to $93,000,000 more than were held on May 24, 1884, when the panic was at its height.

In 1890 a similar result was shown. The reserves fell off $29,000,000 and subsequently increased $34,000,000. The most striking case, however, is that of the panic of 1893. The reserves dwindled between January 28 and August 12 from $145,000,000 to $76,000,000—a loss of $69,000,000. By the close of the year, a little more than four months after the reserves had increased to $207,000,000—a gain of $131,000,000. Five weeks after that, on February 3, 1894, the reserves were nearly $250,000,000. From a deficit of $16,545,000 on August 12, 1893, there was a change to a surplus of $111,623,000 on February 3, 1894—a total never before or since equalled. It was not until years afterward that a deficit was again reported.

For 1907 we have only the first stages as yet to study. On May 25 last the banks had nearly $294,000,000 specie and legal tenders on hand. On November 23 the amount was less than $216,000,000—a loss of $78,000,000. That is only about $9,000,000 more than was lost in the panic of 1893, but the surplus of nearly $16,000,000 held last May was changed to a deficit of $54,000,000.

The Government endeavored to come to the aid of the banks and the money market. The Secretary of the Treasury announced two methods of relief. He proposed to issue $100,000,000 of three per cent. currency certificates such as were authorized at the time of the Spanish War. The object of the Secretary was to attract currency that was being hoarded and for the same purpose he offered to sell $50,000,000 of two per cent. Panama Canal bonds. To prevent a temporary contraction the Secretary also agreed to allow a considerable portion of the funds derived from the sale of the securities to remain on deposit in the banks.

The issue of the currency certificates was pretty generally criticised, and finally their issue was discontinued. Only about $35,000,000, it is understood, were subscribed. Of these about $10,000,000 have already been deposited by national banks to secure circulation and $1,500,000 to secure public deposits.

The demand for currency has resulted in the most remarkable inflation of the currency ever witnessed. The circulation of the national banks was increased over $46,000,000 last month. This was accomplished by depositing $51,000,000 of bonds to secure circulation. Of this amount $28,000,000 were two per cent. bonds, nearly $10,000,000 certificates of indebtedness, just issued, $6,000,000 four per cents. of 1925, about $5,000,000 three per cents. of 1918 and $2,000,000 Panama Canal bonds. There was a reduction of nearly $29,000,000 in the Government bonds on deposit to secure public deposits and it may be assumed that the greater portion of these bonds went to secure circulation.

The banks deposited over $47,000,000 miscellaneous bonds and $1,500,000 certificates of indebtedness as security for public deposits, making the total bonds deposited for this purpose $20,000,000 more than a month ago. Large as was the inflation of bank notes, the increase in gold was even greater. The imports of gold were the largest ever recorded in a single month, reaching $60,000,000. The mints coined $36,000,000 of gold last month. The stock of money in the country was increased $120,000,000—a figure which is without parallel at any previous time.

At the close of the month nearly $40,000,000 of gold had been engaged abroad for shipment to this country. With this gold arriving, the national banks further increasing their circulation, and the money now being hoarded coming out of its hiding places, there needs but a tapering off in business activity to leave the New York banks loaded up with cash reserves even exceeding those of 1894. At that time over 45 per cent. of the total deposits was lying unused and deposits exceeded loans by $132,000,000.

As to gold imports in the future, there can be no positive prediction. With the Bank of England making a 7 per cent. rate of discount, the Bank of Germany a 7½ per cent. rate, and the Bank of France a 4 per cent. rate, the importation of gold, except under unusual circumstances, would be unlikely.

So far as the foreign trade movements will have any bearing, they would seem to be favorable. Exports are very large, although in October they were about $7,000,000 less than in the same month of last year, but October exports in 1906 were the largest ever recorded in any previous single month, with the exception of December, 1905. On the other hand, imports were less in October than in the same month of 1906. This is the first time since July, 1904, that the imports in any month have compared unfavorably with those of the corresponding month in the previous year.

If the country has entered upon a period of slower movements in trade and industrial enterprise and is to become more economical, or less extravagant, the effect will promptly be seen in a reduction in imports. On the other hand, for the present at least the export trade appears to be in a healthy condition.

Ordinarily the exporting season extends from October 1 to January 31 following. In that period the tendency is to pile up a substantial export balance, which, if it fails to attract gold imports, tends to discourage gold exports. A comparison of exports and imports for the four-month period in the last eight years makes the following showing:

Oct. 1 to Jan. 31.	*Exports.*	*Imports.*	*Net Exports.*
1900	490,587,619	288,962.114	201,625,505
1901	582,307,476	273,987,361	308.318,115
1902	548,201,773	313,080,533	235,121,240
1903	551.512,718	352,342,013	199,170,705
1904	637.521.782	319,285.957	318,235,825
1905	589,447,242	382,857,727	206,589,515
1906	695,042,473	413,393,547	281,648,926
1907	749,705,954	498,821,389	250,884,565

The net exports in the four months of each of the years mentioned have been at the rate of $600,000,000 to $900,000,000 per annum. Such a balance for a full year would be a strong argument in favor of gold imports.

Any extensive investigation of conditions now existing, in the light of experience in other periods like the present, will suggest that there is not to be an immediate return of rampant good times. In all directions employees are being discharged or temporarily laid off. Wages are being reduced and some railroads are now retrenching in that direction.

How changed the situation is will be quickly brought home to anyone who will consult the files of newspapers published a year ago. It was about this time last year that the news was published that the Pennsylvania Railroad had increased its payroll $1,000,000 a month. There is no talk now of any railroad increasing wages. On the contrary, the net earnings of the railroads are anything but encouraging. In September, while the gross earnings increased $13,000,000, or over 10 per cent., the net earnings decreased nearly $3,600,000, or about 8 per cent. For the ten months of the current year the gross earnings increased $156,000,000 and the net earnings only $15,000,000. Compare this with the increase last year of $138,000,000 in gross earnings and of $55,000,000 in net earnings, and it is apparent that there has been a change not for the better.

In the iron and steel trade there are reports of orders cancelled, while the pig iron output in October was reduced nearly 20,000 tons a week and on November 1 was nearly 37,000 tons less than on July 1.

What may perhaps be regarded as a temporary condition is referred to in the weekly circular issued by the Comptroller of the Currency. Only nineteen national banks were chartered in November, as compared with an average of forty per month during the last four or five years.

The check to business activity which has been caused by the money panic is plainly shown in the record of bank clearings. The total exchanges reported by all the clearing-houses in the country exceeded $3,000,000,000 in the week ended October 5 last and the estimated exchanges for the week ended November 30 were less than $1,812,000,000. Compared with a year ago there is a decrease of $1,011,000,000, or nearly 36 per cent. For five consecutive weeks since October 26 clearings have been falling off. In the week ended November 2 the decrease in New York was 15.9 per cent., outside New York, 2.4 per cent; November 9, New York 28.1 per cent., outside New York 8.1 per cent.; November 16 New York 40 per cent., outside New York 21.1 per cent.; November 23 New York 42.4 per cent., outside New York 19.4 per cent. The full returns for the week ended November 30 are not at hand, but the figures so far published indicate that the decline has not yet reached its limit.

The weekly clearings during November compared with those of the previous year are shown in the accompanying table.

Week Ended	New York.		Outside New York.	
	Clearings, 1907.	*Decrease.*	*Clearings, 1907.*	*Decrease.*
Nov. 2.......	1,659,364,874	313,894,625	1,167,475,386	28,608,511
" 9.......	1,272,061,645	497,077,636	1,021,052,060	89,777,849
" 16.......	1,319,578,690	877,302,447	1,017,366,502	272,825,266
" 23.......	1,281,168,396	929,567,826	961,931,340	231,372,495
" 30.......	1,054,949,502	725,119,472	....	....

The Money Market.—A currency famine attacked all the money centers of the country and the local money market has been disturbed throughout the month. Conditions were becoming easier towards the close of the month and rates for call loans declined daily for more than a week. Until recently time money was not offered at all, while commercial paper was but little dealt in. At the close of the month call money ruled at 5@12½ per cent., with the majority of loans at 6 per cent. Banks and trust companies were not in the market as lenders. Time money on Stock Exchange collateral is quoted nominally at 15 per cent. for ninety days, with some small loans at 6 per cent. for nine to ten months, on good mixed collateral. For commercial paper there was little business and the rates nominally are 7@7½ per cent. for sixty to ninety days' endorsed bills receivable, 7@7½ per cent. for first class four to six months' single names, and 8 per cent. and higher for good paper having the same length of time to run.

Money Rates in New York City.

	July 1.	Aug. 1.	Sept. 1.	Oct. 1.	Nov. 1.	Dec. 1.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Call loans, bankers' balances	6 —12	2 —3½	2½—4	4 —6	6 —20	5½—12
Call loans, banks and trust companies	2½—	2½—	2½—	2½—	....	....
Brokers' loans on collateral, 30 to 60 days	4 — ½	5 —	5 — ½	5¾—6	6½— 7	....
Brokers' loans on collateral, 90 days to 4 months	4½—5	5½— ¾	6 — ½	6 —½	6½—7	12 —15
Brokers' loans on collateral, 5 to 7 months	5¼—7	6 — ¼	6½—7	6 —½	6½— 7	....
Commercial paper, endorsed bills receivable, 60 to 90 days	5½—	6 —	6½—	7 —	7 —	7 —7½
Commercial paper, prime single names, 4 to 6 months	5½—6	6 — ½	6½—	7 —	7 —	7 —7½
Commercial paper, good single names, 4 to 6 months	6 - 6½	6½—7	6½—7	7 —	7 —	8 —

New York Banks.—No detailed statement of the New York Clearing-House banks has been published since October 26. The purpose of withholding from the public this statement is to avoid showing what banks are being aided by the issue of clearing-house certificates. This has been the usual custom in similar emergencies, and the Boston and Philadelphia clearing-houses have adopted the same plan. The totals of all the banks, however, are published weekly except in the case of the New York "non-member" banks for which no figures have been published during the past month. A deficit has been reported by the New York Clearing-House banks every week since October 26. This deficit reached $54,000,000 on November 23, but was $1,000,000 less on November 30. After November 2 the reserves of the banks fell comparatively little, about $8,000,000 to November 23, and increased $2,000,000 in the last week of the month. Compared with November 2 loans show an increase of $50,000,000 and deposits of $31,000,000.

New York City Banks—Condition at Close of Each Week.

Dates.	Loans.	Specie.	Legal tenders.	Deposits.	Surplus Reserve.	Circulation.	Clearings.
Nov. 2...	$1,148,452,600	$175,913,900	$48,194,000	$1,051,786,900	*$38,838,825	$51,742,700	$1,659,364,900
" 9...	1,187,316,400	170,712,000	49,082,900	1,086,878,100	*51,924,625	52,856,100	1,272,061,600
" 16...	1,192,010,400	170,347,900	48,311,100	1,089,303,800	*53,666,950	55,844,400	1,319,578,700
" 23...	1,187,998,400	168,799,100	47,052,000	1,079,818,800	*54,103,600	59,287,400	2,261,168,400
" 30...	1,198,078,500	170,554,600	47,276,800	1,083,283,800	*52,969,425	62,129,800	1,054,949,500

* Deficit.

DEPOSITS AND SURPLUS RESERVE ON OR ABOUT THE FIRST OF EACH MONTH.

MONTH.	1905.		1906.		1907.	
	Deposits.	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*	*Deposits.*	*Surplus Reserve.*
January	$1,104,049,100	$13,683,425	$977,651,300	$4,292,575	$981,301,100	$5,369,225
February	1,189,828,600	26,979,550	1,061,403,100	11,127,625	1,076,720,000	12,684,100
March	1,179,824,900	14,646,075	1,029,545,000	5,008,755	1,038,431,800	3,857,650
April	1,138,661,300	3,664,575	1,004,290,500	5,131,270	1,019,817,300	13,131,275
May	1,146,528,600	16,665,250	1,028,683,200	10,367,400	1,106,183,300	12,346,775
June	1,136,477,700	6,050,275	1,036,751,100	6,816,025	1,128,194,600	12,782,450
July	1,166,038,900	11,658,875	1,049,617,000	12,055,750	1,092,081,700	2,509,275
August	1,190,744,900	15,305,975	1,060,116,900	18,892,475	1,099,302,400	7,473,200
September	1,166,587,200	5,498,785	1,042,057,200	2,869,400	1,046,655,800	8,756,450
October	1,080,465,100	7,440,025	1,034,059,000	12,540,350	1,055,193,700	5,646,575
November	1,042,092,300	12,430,925	1,015,824,100	3,049,775	1,051,786,900	*38,838,825
December	1,028,882,300	2,565,375	998,634,700	1,449,125	1,083,283,300	*52,989,425

Deposits reached the highest amount, $1,224,206,600, on September 17, 1904; loans, $1,146-163,700 on August 5, 1905, and the surplus reserve $111,623,000 on Feb. 3, 1894. * Deficit.

NON-MEMBER BANKS—NEW YORK CLEARING-HOUSE.

DATES.	*Loans and Investments.*	*Deposits.*	*Specie.*	*Legal tender and bank notes.*	*Deposit with Clearing-House agents.*	*Deposit in other N. Y. banks.*	*Surplus Reserve.*
Sept. 28	$114,006,400	$119,298,300	$5,120,300	$6,541,400	$10,890,600	$4,536,000	* $2,736,275
Oct. 5	114,765,900	120,925,800	5,219,300	6,371,200	12,596,500	4,504,200	* 1,540,250
" 12	114,766,800	121,221,100	5,317,300	6,776,000	12,521,300	4,191,100	* 1,499,575
" 19	110,776,700	115,632,900	4,813,000	6,450,100	11,032,800	4,262,200	* 2,350,125
" 26	96,375,800	96,321,500	4,043,700	5,410,500	9,887,300	2,857,800	* 1,880,575

* Deficit.

BOSTON BANKS.

DATES.	*Loans.*	*Deposits.*	*Specie.*	*Legal Tenders.*	*Circulation.*	*Clearings.*
Oct. 26	$191,247,000	$222,059,000	$20,025,000	$2,822,000	$8,182,000	$178,266,600
Nov. 2	192,533,000	222,150,000	17,745,000	3,149,000	8,270,000	179,256,300
" 9	191,515,000	214,707,000	17,086,000	2,750,000	8,400,000	148,270,900
" 16	190,918,000	217,701,000	16,314,000	2,934,000	8,594,000	143,283,800
" 23	190,422,000	213,722,000	15,539,000	3,104,000	8,646,000	123,579,700

PHILADELPHIA BANKS.

DATES.	*Loans.*	*Deposits.*	*Lawful Money Reserve.*	*Circulation.*	*Clearings.*
Oct. 26	$219,789,000	$246,322,000	$52,063,000	$13,784,000	$156,844,100
Nov. 2	219,648,000	236,154,000	47,440,000	14,089,000	127,488,600
" 9	221,1 0,000	238,802,000	45,852,000	14,572,000	115,783,800
" 16	222,507,000	233,308,000	44,807,000	15,031,000	120,686,800
" 23	223,003,000	230,721,000	44,751,000	15,607,000	117,582,400

FOREIGN BANKS.—The large movement of gold from abroad to New York is not reflected in the reported gold holdings of the leading foreign banks. The Bank of England reports a gain of $2,000,000 for the month, while France loses about $17,000,000 and Germany $15,000,-000. Italy gained $10,000,000, making nearly $20,000,000 in the last two months.

Gold and Silver in the European Banks.

	Oct. 1, 1907.		Nov. 1, 1907.		Dec. 1, 1907.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
England	£37,106,838	....	£31,729,252	....	£32,244,973	....
France	110,871,606	£38,298,516	111,428,770	£37,504,100	108,013,931	£37,283,543
Germany	28,854,000	7,997,000	31,649,000	8,770,000	28,739,000	7,965,000
Russia	122,540,000	5,940,000	125,469,000	5,235,000	125,265,000	5,112,000
Austria-Hungary	45,221,000	12,063,000	45,441,000	11,729,000	45,689,000	11,607,000
Spain	15,553,000	25,798,000	15,583,000	25,637,000	15,615,000	25,655,000
Italy	34,521,000	4,917,000	36,107,000	4,903,200	38,146,000	4,759,600
Netherlands	6,040,300	5,354,600	6,798,300	5,106,500	7,644,100	4,979,100
Nat. Belgium	3,119,333	1,559,667	3,143,333	1,571,667	3,422,000	1,711,000
Sweden	4,248,000	....	4,245,000	....	4,071,000	....
Totals	£408,075,077	£101,927,783	£411,588,655	£100,456,467	£408,850,004	£99,072,243

Foreign Exchange.—The market for sterling exchange was entirely deranged last month. With over $95,000,000 of gold engaged for shipment from Europe and some $60,000,000 of gold received at New York in the short space of one month, the erratic movements in foreign exchange are easily explained. With the currency situation improving here normal conditions will be restored.

Rates for Sterling at Close of Each Week.

Week ended.	Bankers' Sterling.		Cable transfers.	Prime commercial, Long.	Documentary Sterling, 60 days.
	60 days.	Sight.			
Nov. 2	4.8100 @ 4.8150	4.8650 @ 4.8700	4.8800 @ 4.8850	4.78 @ 4.78½	4.78 @ 4.80
" 9	4.8000 @ 4.8050	4.8525 @ 4.8575	4.8800 @ 4.8900	4.77 @ 4.77½	4.78¼ @ 4.79¾
" 16	4.8100 @ 4.8150	4.8700 @ 4.8725	4.9000 @ 4.9050	4.78½ @ 4.79	4.78 @ 4.81
" 23	4.8100 @ 4.8150	4.8700 @ 4.8725	4.9000 @ 4.9025	4.78 @ 4.79	4.77 @ 4.81¼
" 30	4.8100 @ 4.8125	4.8630 @ 4.8640	4.8790 @ 4.8800	4.79½ @ 4.80	4.78 @ 4.81

Foreign Exchange—Actual Rates on or about the First of Each Month.

	Aug. 1.	Sept. 1.	Oct. 1.	Nov. 1.	Dec. 1.
Sterling Bankers—60 days	4.83⅝— ¾	4.82½— ¾	4.81¾— ⅞	4.79 — ¼	4.81 — ¼
" " Sight	4.86⅞—87	4.86⅜— ½	4.85⅝— ⅝	4.84½— ¾	4.86¼— ⅜
" " Cables	4.87½— ⅝	4.86⅞— 87	4.86⅛— ¼	4.86½— ⅝	4.87⅞—88
" Commercial long	4.83⅜— ½	4.82⅛— ¼	4.81¾— 2	4.76¾— 7¼	4.79½—80
" Docu'tary for paym't.	4.82½— 3¾	4.81½— 2⅞	4.81¼— 2¼	4.77 — 79	4.78 —81
Paris—Cable transfers	5.15⅝—	5.16¼—	5.16⅞—	5.17½—16⅞	5.16⅞— ¼
" Bankers' 60 days	5.19⅜—18¾	5.20⅝— 20	5.21¼—20⅝	5.23⅛—22¼	5.21⅞— ¼
" Bankers' sight	5.16¼—	5.16⅞—	5.17½—	5.20 —19⅜	5.18⅛—17½
Swiss—Bankers' sight	5.16¼—	5.17½—16⅞	5.17½—	5.21¼—20⅝	5.19⅝—18¾
Berlin—Bankers' 60 days	94⅝— ¾	94 5/16— 5/16	94⅛— ¼	93¼— ¾	93⅝— ¾
" Bankers' sight	95 3/16— ¼	94⅞— 15/16	94⅞—	94¼— ½	94⅝— ¾
Amsterdam—Bankers' sight	40⅜—	40 3/16— ¼	40 3/16— ¼	40 1/16— ⅛	40 1/16— ⅛
Kronors—Bankers' sight	26¾—27	26¾— ⅞	26 11/16— ⅜	26⅛— ⅝	26⅛— ⅝
Italian lire—sight	5.15 1/16— 15	5.15⅝—	5.15⅝ -	5.16⅞— ¼	5.18⅛—17½

Money Rates Abroad.—The panic in New York had a far-reaching effect upon the money markets of the world. The Bank of England on November 4 advanced its rate of discount to 6 per cent. and three days later to 7 per cent., the highest rate recorded since 1873. The Bank of France on November 7 advanced its rate from 3½ to 4 per cent., the Bank of Germany on November 8 from 6½ to 7½ per cent., and the

Bank of Belgium on November 7 from 5½ to 6 per cent. Discounts of sixty to ninety-day bills in London at the close of the month were 6¼@ 6½ per cent., against 6@6¼ per cent. a month ago. The open market rate at Paris was 4½ per cent., against 3¾ per cent. a month ago, and at Berlin and Frankfort 7@7¼ per cent., against 6 per cent. a month ago.

Bank of England Statement and London Markets.

	Aug. 31, 1907.	Sept. 30, 1907.	Oct. 31, 1907.	Nov. 30, 1907.
Circulation	£29,175,000	£29,920,000	£29,346,000	£27,909,000
Public deposits	7,618,000	8,620,000	7,286,000	7,718,000
Other deposits	46,864,000	43,783,000	44,853,000	43,009,000
Government securities	14,574,000	14,336,000	14,336,000	14,332,000
Other securities	31,080,000	30,820,000	34,841,000	32,704,000
Reserve of notes and coin	26,944,000	25,637,000	20,834,000	21,785,000
Coin and bullion	37,668,457	37,106,838	31,727,252	32,244,973
Reserve to liabilities	49.40%	48.86%	39.91%	42.88%
Bank rate of discount	4½%	4½%	5½%	7%
Price of Consols (2½ per cents.)	82⅜	82 3/16	82 3/16	82⅝
Price of silver per ounce	31½d.	31 3/16d.	27 9/16	26⅝d.

Silver.—There were wide fluctuations in the English silver market during the month, the extreme range in price being 27 15-16@26 9-16d. The final price was 26 5-8d, a net decline for the month of 15-16d.

Monthly Range of Silver in London—1905, 1906, 1907.

Month.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.	Month.	1905. High	1905. Low.	1906. High	1906. Low.	1907. High	1907. Low.
January..	28⅜	27 9/16	30¼	29 11/16	32 7/16	31¼	July......	27 5/16	26⅞	30 7/16	29 13/16	31 15/16	31
February	28 5/16	27⅝	30 13/16	30⅛	32⅛	31⅛	August ..	28¾	27⅛	30 13/16	29⅞	32 3/16	31⅛
March....	27 11/16	25 13/16	30 7/16	29	32 5/16	30⅝	Septemb'r	28¾	28	31¾	30 13/16	31 9/16	31⅛
April.....	26⅝	25 7/16	30 5/16	29⅝	30½	30	October..	28 13/16	28⅝	32 9/16	31 11/16	30⅞	27 7/16
May......	27 5/16	26⅛	31⅜	30 9/16	31⅛	29 15/16	Novemb'r	30 5/16	28 13/16	33⅛	32	27 13/16	26 9/16
June.....	27⅛	26¾	31 5/16	29⅝	31 5/16	30⅝	Decemb'r	30 5/16	29⅝	32 5/16	31 9/16	....	....

Foreign and Domestic Coin and Bullion—Quotations in New York.

	Bid.	Asked.		Bid.	Asked.
Sovereigns	$4.85	$4.88	Mexican doubloons	$15.50	$15.65
Bank of England notes	4.83	4.88	Mexican 20 pesos	19.50	19.65
Twenty francs	3.87	3.90	Ten guilders	3.95	4.00
Twenty marks	4.73	4.76	Mexican dollars	.46⅝	.52⅛
Twenty-five pesetas	4.78	4.82	Peruvian soles	.41	.43
Spanish doubloons	15.50	15.65	Chilian pesos	.41	.43

Bar silver in London on the first of this month was quoted at 26⅝d. per ounce. New York market for large commercial silver bars, 57⅝ @ 59⅛c. Fine silver (Government assay), 57⅞ @ 59⅜c. The official price was 57¾c.

National Bank Circulation.—An extraordinary increase is shown in the volume of bank circulation for the month of November. The notes outstanding increased $46,000,000 and the bonds deposited to secure circulation increased $51,000,000. These results were only possible by reason of the authority given the banks to transfer Government bonds used to secure public deposits, and to substitute for the latter, state, municipal and railroad bonds. Of the new certificates of indebtedness issued the banks have about $10,000,000 deposited to secure circulation and $1,500,000 to secure public deposits. The securities deposited for public moneys amount to $269,000,000, of which only about $66,000,000 are Government bonds.

NATIONAL BANK CIRCULATION.

	Aug. 31, 1907.	*Sept. 30, 1907.*	*Oct. 31, 1907.*	*Nov. 30, 1907*
Total amount outstanding	$604,056,321	$603,987,114	$609,980,466	$656,218,196
Circulation based on U. S. bonds	556,945,887	556,101,329	562,727,614	610,156,008
Circulation secured by lawful money	47,110,434	47,885,785	47,252,852	46,062,188
U. S. bonds to secure circulation:				
Funded loan of 1907, 4 per cent	12,500	500	......	......
Four per cents. of 1925	8,513,900	8,517,900	10,732,900	16,995,650
Three per cents. of 1908-1918	5,177,3[illegible]0	6,544,880	6,473,080	11,347,480
Two per cents. of 1930	528,841,550	528,752,100	532,548,550	580,574,800
Panama Canal 2 per cents	16,774,380	16,809,380	17,245,380	19,567,880
Certificates of Indebtedness 3 per cent	....	....	....	9,908,500
Total	$559,319,710	$559,624,760	$566,994,910	$618,394,310

The National banks have also on deposit the following bonds to secure public deposits: 4 per cents. of 1925, $5,093,450; 3 per cents. of 1908-1918, $5,632,100; 2 per cents. of 1930, $43,-858,550; Panama Canal 2 per cents. $10,130,300; District of Columbia 3.65's, 1924, $1 274,000; Hawaiian Islands bonds, $2,017,000; Philippine loan, $8,989,000; state, city and railroad bonds, $190,375,528; Porto Rico, $780,000; certificates of indebtedness 3 per cent., $1,525,000; a total of $269,674,928.

GOVERNMENT REVENUES AND DISBURSEMENTS.—A surplus of $3,167,-117 in November reduced the Treasury deficit for the fiscal year to $768,-259. The receipts in November were $10,000,000 less than in the same month in 1906 while expenditures were reduced $6,000,000. The net balance for the month was therefore $4,000,000 less than in 1906. For the five months ended November 30 last year the surplus was $16,000,-000. Receipts show a decrease this year of $2,500,000 while expenses increased $14,000,000.

UNITED STATES TREASURY RECEIPTS AND EXPENDITURES.

RECEIPTS.

Source.	*November, 1907.*	*Since July 1, 1907.*
Customs	$21,909,007	$134,224,714
Internal revenue	19,213,611	111,585,536
Miscellaneous	4,406,707	24,318,550
Total	$45,529,325	$270,128,800
Excess of receipts	$3,167,117	*$768,259

*Excess of expenditures.

EXPENDITURES.

Source.	*November, 1907.*	*Since July 1, 1907.*
Civil and mis	$7,664,826	$58,501,795
War	5,499,658	47,074,750
Navy	9,698,926	47,0[illegible]8,410
Indians	1,343,286	6,425,011
Pensions	12,897,926	62,226,544
Public works	8,621,960	39,134,548
Interest	1,635,612	10,451,001
Total	$42,362,208	$270,897,059

EXPORTS AND IMPORTS OF THE UNITED STATES.

MONTH OF OCTOBER.	MERCHANDISE.			Gold Balance.	Silver Balance.
	Exports.	*Imports.*	*Balance.*		
1902	$144,327,428	$87,424,070	Exp., $56,903,358	Imp., $9,657,617	Exp., $1,583,830
1903	160,388,508	81,921,147	" 78,467,361	" 4,673,859	" 405,334
1904	162,527,948	92,777,920	" 69,750,023	" 4,189,626	" 1,767,964
1905	154,372,979	107,444,909	" 46,928,070	" 10,411,436	" 2,079,371
1906	187,353,348	118,128,352	" 69,224,996	" 20,176,308	Imp., 333,505
1907	180,559,464	111,811,982	" 68,747,482	" 1,368,871	Exp., 1,487,363
TEN MONTHS.					
1902	1,067,492,912	789,573,713	Exp., 297,919,199	Imp., 3,567,790	Exp., 18,460,525
1903	1,149,664,979	840,719,383	" 308,945,596	Exp., 5,222,320	" 8,687,500
1904	1,147,996,824	844,172,259	" 303,824,565	" 10,155,612	" 21,220,673
1905	1,256,924,354	979,717,437	" 277,206,917	" 1,926,883	" 17,015,583
1906	1,425,187,772	1,066,395,469	" 358,792,303	Imp., 96,162,363	" 12,113,765
1907	1,512,148,160	1,219,994,354	" 292,153,806	Exp., 17,649,222	" 14,969,982

FOREIGN TRADE.—The exports of merchandise in October were about $7,000,000 less than in the corresponding month of the previous year, but the fact is to be noted that in 1906 the October exports were the largest ever reported and the largest in fact for any month up to that time with the exception of December, 1905, when they were nearly $200,000,000. The exports in October this year amount to $180,000,000 and this amount has been exceeded in a single month only five times. The imports of merchandise in October were valued at nearly $112,000,000 or $6,000,000 less than in October, 1906, or not quite as much as the decrease in exports. The balance of net exports for the month is $68,747,000 as compared with $69,224,000 in 1906. For the ten months of the calendar year the net exports are $292,000,000 or $66,000,000 less than in the previous years.

United States Public Debt.—Nearly $11,000,000 of certificates of indebtedness, issued last month and payable a year from date, were added to the interest-bearing debt. There was a slight reduction in gold certificates, while the gross debt shows an increase of $7,000,000. The cash balance in the Treasury at the close of the month was $400,000,000, an increase of $13,000,000. The debt less cash in the Treasury was reduced nearly $5,000,000 and is now about $875,000,000.

United States Public Debt.

	Sept. 1, 1907.	*Oct. 1, 1907.*	*Nov. 1, 1907.*	*Dec. 1, 1907.*
Interest-bearing debt:				
Consols of 1930, 2 per cent	$645,250,150	$646,250,150	$646,250,150	$646,250,150
Loan of 1925, 4 per cent	118,489,900	118,489,900	118,489,900	118,489,900
Loan of 1908-1918, 3 per cent	63,945,460	63,945,460	63,945,460	6 ,945,460
Panama Canal Loan of 1916, 2 per cent	30,000,000	30,000,000	30,000,000	30,000,000
Certificates of Indebtedness 1908	....	....	....	10,917,000
Total interest-bearing debt	$858,685,510	$858,685,510	$858,685,510	$869,603,010
Debt on which interest has ceased	9,623,105	8,272,545	6,930,955	6,228,015
Debt bearing no interest:				
Legal tender and old demand notes	346,734,298	346,734,298	346,734,298	346,734,298
National bank note redemption acct.	46,445,882	46,993,774	47,239,386	45,601,979
Fractional currency	6,863,994	6,863,994	6,863,549	6,863,549
Total non-interest bearing debt	$400,044,174	$400,592,066	$400,837,184	$399,199,827
Total interest and non-interest debt.	1,268,352,790	1,267,550,122	1,266,453,649	1,275,080,[illegible]52
Certificates and notes offset by cash in the Treasury:				
Gold certificates	710,938,869	720,889,869	748,637,869	747,218,869
Silver certificates	472,011,000	473,723,000	471,527,000	471,687,000
Treasury notes of 1890	5,787,000	5,707,000	5,613,000	5,546,000
Total certificates and notes	$1,188,736,869	$1,200,319,869	$1,225,777,869	$1,224,451,869
Aggregate debt	2,457,089,659	2,467,869,991	2,492,231,518	2,499,482,721
Cash in the Treasury:				
Total cash assets	1,690,187,768	1,709,871,167	1,728,283,122	1,730,059,038
Demand liabilities	1,303,527,360	1,320,319,853	1,341,056,103	1,329,508,024
Balance	$386,660,408	$389,551,314	$387,227,019	$400,551,013
Gold reserve	150,000,000	150,000,000	150,000,000	150,000,000
Net cash balance	236,660,408	239,551,314	237,227,019	250,551,013
Total	$386,660,408	$389,551,314	$387,227,019	$400,551,013
Total debt, less cash in the Treasury	881,692,382	877,998,808	879,226,630	874,479,889

Money in Circulation in the United States.—Nearly $162,000,000 of money was put in circulation last month. Nearly every form of money except gold certificates show an increase. Gold coin was increased $66,000,000, silver dollars $2,000,000, fractional silver $5,000,000, silver certificates $4,000,000, legal-tender notes $1,000,000, and national bank notes $53,000,000.

Money in Circulation in the United States.

	Sept. 1, 1907.	Oct. 1, 1907	Nov. 1, 1907.	Dec. 1, 1907.
Gold coin	$560,356,994	$561,956,589	$574,459,086	$640,577,952
Silver dollars	82,114,368	84,758,166	88,822,959	90,979,549
Subsidiary silver	123,118,909	124,986,237	127,461,229	132,979,612
Gold certificates	627,905,609	640,204,609	677,295,909	675,636,209
Silver certificates	460,505,171	460,847,251	464,349,568	468,953,120
Treasury notes, Act July 14, 1890	5,777,961	5,700,348	5,601,926	5,537,067
United States notes	342,501,772	343,125,625	343,254,153	344,682,957
National bank notes	586,920,836	584,275,549	595,123,866	648,895,117
Total	$2,789,201,620	$2,805,854,874	$2,876,368,696	$3,008,241,583
Population of United States	86,311,000	86,429,000	86,547,000	86,666,000
Circulation per capita	$32.32	$32.46	$33.23	$34.71

Money in the United States Treasury.—The net amount of money in the Treasury decreased $11,500,000 last month, but the balance remaining was $260,000,000. The Treasury paid out all the silver dollars it held, not represented by certificates outstanding, except $37,433. More than one-half of its fractional silver was also disbursed.

Money in the United States Treasury.

	Sept. 1, 1907.	Oct. 1, 1907.	Nov. 1, 1907.	Dec. 1, 1907.
Gold coin and bullion	$912,206,334	$921,013,121	$915,283,759	$921,136,767
Silver dollars	486,137,162	483,493,364	479,427,023	477,270,433
Subsidiary silver	8,385,569	7,812,842	6,661,373	8,221,583
United States notes	4,179,244	3,555,391	3,426,863	1,958,059
National bank notes	17,135,485	19,711,565	14,856,600	7,323,679
Total	$1,428,043,794	$1,435,586,288	$1,419,655,618	$1,410,949,571
Certificates and Treasury notes, 1890, outstanding	1,094,188,741	1,106,752,208	1,147,247,403	1,150,126,896
Net cash in Treasury	$333,855,053	$328,834,075	$272,408,215	$260,823,475

Supply of Money in the United States.—An increase of $120,000,000 in the total stock of money was reported in November. This was made up of $72,000,000 gold, $2,000,000 fractional silver and $46,000,000 national bank notes.

Supply of Money in the United States.

	Sept. 1, 1907.	Oct. 1, 1907.	Nov. 1, 1907.	Dec. 1, 1907.
Gold coin and bullion	$1,472,563,328	$1,482,969,710	$1,489,742,845	$1,561,714,719
Silver dollars	568,251,530	568,251,530	568,249,982	568,249,982
Subsidiary silver	131,504,478	132,799,079	134,122,602	136,201,145
United States notes	346,681,016	346,681,016	346,681,016	346,681,016
National bank notes	604,056,321	603,987,114	609,980,466	656,218,196
Total	$3,123,056,673	$3,134,688,449	$3,148,776,911	$3,269,065,058

NEW Counterfeit $5 Silver Certificate.—Series 1899; check letter D; face plate No. 930; portrait of Indian Chief Onepapa; Lyons, Register; Treat, Treasurer; serial number B27140444. This is a half-tone production which should deceive no one familiar with money. Several thousand of these notes—faces and backs printed separately on thin bond paper—were picked up in the East River, New York city, on September 21. A few of the faces and backs were pasted together by the finders and passed on careless persons, but there can be no general circulation of such a poor counterfeit. The plates for these notes were found in the box with them.

BANKING AND FINANCIAL NOTES

NEW YORK CITY

—The Merchants' Association of New York celebrated its tenth anniversary on November 14, by a meeting and reception for its members and their guests, and a buffet luncheon, in the rooms of the association in its new building at 66-72 Lafayette street.

The presiding officer of the meeting was Clarence Whitman, who has been president of the association since 1903, and who delivered an introductory address. The speakers were the Rev. Dr. Nehemiah Boynton, pastor of the Clinton Avenue Congregational Church, Brooklyn; Hon. Patrick F. McGowan, President of the Board of Aldermen of the City of New York; Hon. James W. Wadsworth, Jr., Speaker of the Assembly of the State of New York; Hon. George B. Cortelyou, Secretary of the Treasury, and Hon. John W. Griggs, Counsel to the Association, Attorney-General of the United States under President McKinley and former Governor of the State of New Jersey.

The reception was held at 12.30, and the luncheon was served at 2 o'clock by Delmonico.

—During the recent monetary crisis, President R. R. Moore of the Commercial Trust Company of New York issued the following letter:

"The manner in which the banks and trust companies of this city have met the present crisis proves absolutely their soundness and stability, and entitles them to the public's confidence and hearty support. The craze of the timid and unreasoning in withdrawing currency from circulation, particularly when the great industrial pendulum is in full swing, has been a severe strain on the financial world, and is a menace to a continuation of the present prosperity, which cannot but result in injury to all.

"We therefore beg to urge, in behalf of the fair name of our city and nation, that the best efforts of the thoughtful and courageous be exerted to urge those whose timidity has led them to deprive the financial institutions of the means to meet the requirements of the trade, to restore the currency to its natural channels, either by investment, or by depositing it in a bank or trust company.

"Currency is a medium of exchange—it is not property, in its truest sense, representing merely a unit of value, and useless except when so employed."

—Charles L. Robinson, vice-president of the Guardian Trust Company, in a recent "Wall Street Journal" interview, suggested that the trust companies either form an organization of their own or join the clearing-house association; also that they be required to maintain a fifteen per cent. cash reserve. He also suggested that loans on industrial and other stocks liable to sudden depreciation be prohibited, and that state banks and trust companies be allowed the privilege of requiring notice of five or ten days before the withdrawal of deposits.

—The report that the $5 pay checks issued by the Central Railroad of New Jersey have been forged or counterfeited is denied by representatives of that company. Most of these checks are drawn on the Coal and Iron National Bank of this city in payment of wages of Central Railroad of New Jersey employees. David Taylor, the vice-president of that bank, states that the checks received by them have been carefully examined and not a single instance of forgery or counterfeiting has been discovered. Investigation of the report would seem to indicate that it had originated in the desire on the part of some malicious or ignorant people to discredit the pay-check system. No case of forgery or duplication has been reported to the bank, and no steps have been taken to call in the checks. The circulation of the story is resented, because of its effects on people who have received the checks and who have been led to believe that the issue has been widely counterfeited.

—At a meeting of the board of directors of The Merchants' Association of New York, Thursday, Nov. 21, the following resolution was unanimously adopted:

"Resolved, That the Board of Directors of the Merchants' Association of New York submits the following views and recommendations concerning the present financial situation for the consideration of its members and others, hoping thereby to promote the common welfare and to accelerate the resumption of business under normal conditions, viz.:

1. The chief present difficulty is stringency caused by the hoarding of the circulating medium of the country.

2. All financial leaders and practically all banking institutions have united in urging the people to cease this hoarding and to restore the circulating medium to its customary channels and uses.

3. The banks, above all others, should set the example thus implied; some of them have done so, but many are alleged to be doing just what they condemn in others. For example, some are known to be holding cash reserves ranging from two to five times the normal ratio.

4. The purpose of a surplus or cash reserve is for use in time of need; to withhold it from such use is to defeat its true purpose, tends directly to intensify the condition which it should alleviate, and is a selfish effort to protect the individual bank at the expense and to the injury of the banks collectively.

5. Checks payable 'through clearing-house only' are useful for local settlements, but do not pay non-local debts. The business of all large manufacturing and mercantile concerns is chiefly non-local, and cannot go on if local funds are everywhere tied up. Interstate exchange is essential to the conduct of interstate business, and this constitutes the greater part of our domestic exchanges. Provision for the settlement of local indebtedness is helpful, but provision for the settlement of non-local indebtedness is essential, and, therefore, still more helpful.

6. If all concerned and in all parts of the country will recognize and act upon these self-evident conditions which underlie our commercial and financial system; if each corporation, bank and individual, instead of hoarding currency, will pay it out or deposit it in bank, and, instead of deferring

settlements, will pay every account as promptly as possible, then, as predicted by Secretary Cortelyou in his notable address to the Merchants' Association on the 14th inst., there will be 'within twenty-four hours an almost complete resumption of business operations,' and the present stringency will become a thing of the past.

7. Our crops are large, our mining, manufacturing and commercial facilities greater than ever before, our transportation facilities overtaxed to handle the business which is offered to them, our population is larger and its consuming power greater than at any previous period, and no undue accumulation of merchandise is known to exist.

8. No comparison can fairly be made between the sound basic conditions prevailing today and the unsound conditions which obtained in 1893. We are now firmly on a gold basis, with an everflowing National Treasury. The recent trouble has been attributed to an 'excess of prosperity.' Wise legislation by Congress to make our currency elastic enough readily to respond to business conditions may confidently be looked for this winter. With all of these favoring conditions the onward march of our national prosperity will surely be resumed without delay.

9. Let every good citizen, solicitous of the welfare of our country, do his best to accelerate the return to normal conditions by continuing his business operations without alarm and by assisting in the present movement to bring all the money now lying idle into active circulation, and all will be well."

—Gilson S. Whitson, vice-president of the National City Bank and former president of the American Bankers' Association, died recently at his home in New York. President Powers of the American Bankers' Association appointed the following to act as pall bearers at the funeral: A. B. Hepburn, J. M. Donald, J. R. Branch, Clark Williams, Lewis E. Pierson, and Fred E. Farnsworth.

—On the evening of October 26, the leading depositors and friends of the Aetna National Bank were royally entertained at the New York Club, in honor of the third anniversary of that institution. Toasts and speeches followed the dinner.

—James K. Corbiere, who was for several years vice-president of the Morton Trust Company, and who resigned recently, has, with his two sons, organized the firm of J. K. Corbiere & Sons, dealing in collateral loans, investment securities and foreign exchange.

—On the 6th of November the Sherman National Bank began business in quarters formerly occupied by the Astor National Bank at Thirty-fourth street and Astor court.

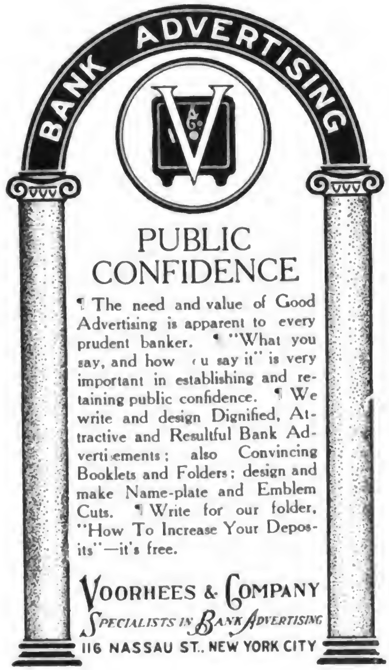
The officers of the new bank, which has $200,000 capital and $50,000 surplus, are: Edward C. Smith, president; William H. Maclay, vice-president; Charles G Colyer, cashier.

—W. M. Van Norden, president of the Van Norden Trust Company, recently purchased twenty-five additional shares of stock of the Twelfth Ward Bank, thereby gaining control. It is understood that it was an entirely personal investment and will not interfere with the policies of the bank.

—Edward T. Perine was recently elected president of the Audit Company of New York, having been promoted from the position of general manager. Mr. Perine is also one of the directors of the company.

—The following resolutions, among others, were adopted at a recent meeting of the Merchants' Association of New York:

"Resolved, That the executive committee of The Merchants' Association of New York, acting on behalf of the



board of directors, deems it a public duty to express its complete confidence in the results accomplished by the men who led and co-operated in the recent movement for maintaining the stability and integrity of our financial institutions, to urge upon its members a similar confidence, and that each should use his utmost endeavor to communicate this confidence to others coming within his influence, to the end that the situation may steadily improve, and that there may be no interruption of the conditions which promise continued prosperity and the employment of all. Be it further

"Resolved, That the thanks of the community are due to Mr. J. Pierpont Morgan, to the able men who have acted with him, and to Secretary Cortelyou, for their self-sacrificing and efficient efforts to bring about a restoration of public confidence."

—Louis Stern has been chosen chairman of the executive committee of the Lincoln Trust Company, to fill a vacancy. Mr. Stern rendered valuable assistance to the company during its recent run.

—The New York Trust Company has been designated by the United States District Court in this district as a depository of funds in bankruptcy.

—On November 14 occurred the death of Charles T. Barney, who retired as president of the Knickerbocker Trust Company on October 22.

Statements given out to the public by his counsel and the receivers of the Knickerbocker Trust Company, show that Mr. Barney's financial affairs, while not in condition to meet every obligation now, were, nevertheless, in very good shape, and settlement will follow the sale of his assets.

—The following optimistic letter has been sent out to all depositors of the Lincoln Trust Company:

New York, Nov. 12, 1907.

To Depositors of the Lincoln Trust Company:—

Referring to our recent circular sent out by the president, the board of directors desire to emphasize the fact that after one of the most drastic examinations that any financial institution has ever been subjected to, its soundness and ability to pay every depositor has been fully demonstrated.

The board sincerely regrets any inconvenience and delay that their customers may have experienced, but these are conditions of the past, and the company is now prepared to transact its business with its usual promptness and efficiency.

The management more than appreciates the many letters, telegrams and personal calls of depositors, assuring the company of their co-operation and continuance of their business relations in the future.

Very truly yours,
FRANK TILFORD, President.

—Leo Schlesinger, formerly president of the Mechanics and Traders' Bank, has been chosen to succeed Henry Dimse as president of the Northern Bank of New York. Mr. Schlesinger brings with him an enviable record as a practical banker and manager of a bank's resources. Under the new management, powerful interests identified with the dry goods and millinery trades, also strong brewing interests, will be absorbed, and the bank greatly strengthened thereby.

—John R. Wood, assistant cashier of the New York Produce Exchange Bank, has recently been appointed cashier in place of A. Sherman, resigned.

—On November 26, Hugh Kelly was elected president of the Oriental Bank, to succeed R. W. Jones, Jr., resigned.

—William H. Strawn has been appointed cashier of the Chatham National Bank in place of H. P. Doremus, deceased. H. L. Cadmus has been elected assistant cashier.

—On December 2, the Hungarian-American Bank, whose offices are located at 32 Broadway, opened its doors to do a general banking business and to take care of the trade between Hungarian merchants in the United States and Hungary.

The officers of the bank are: William H. Bryan, president; Eugene Boross, vice-president; Ross Ambler Curran, assistant cashier, and Alexander Hunwald, manager. Mr. Bryan has been in the employ of the Government as national bank examiner for the past eight years. The formation of the bank is mainly due to the efforts of Eugene Boross, who succeeded in bringing together the American and Hungarian banking interests connected with the new institution.

—Howard Maxwell, president of the International Trust Company of New York, and former president of the Borough Bank of Brooklyn, died November 26 from wounds inflicted by himself. Mr. Maxwell was among those indicted as a result of the grand jury investigation of the Borough Bank, from which he had resigned as president in October.

—Some of the savings banks have waived the rule recently put in force, requiring the legal notice of withdrawals of deposits. One good effect of enforcing the rule was that it prevented the withdrawal of money for hoarding or to sell at a premium. The legitimate needs of the depositors have been met, generally, without delay.

NEW ENGLAND STATES.

—The Waltham (Mass.) Trust Company, in its statement of condition rendered to the Commissioner of Savings Banks on October 31, reports deposits $1,006,155. This item has grown as follows: October 31, 1903, $219,582; October 31, 1904, $290,663; October 31, 1905, $633,594; October 31, 1906, $793,565, and, as above stated, $1,006,155 on October 31 last.

The capital of the company is $200,000, the surplus $50,000, and undivided profits $38,540.

—The Dorchester Trust Company of Boston is open for business in its temporary building, 584 Columbia road, Upham's Corner. Payments of pledges for capital stock are made at the First National Bank.

—Josiah H. Goddard is now president and Randall G. Morris, vice-president, of the South End National Bank of Boston. Mr. Goddard fills the place of the late John A. Pray.

—Ben A. Eastman has been elected president of the Barre (Vt.) Savings Bank and Trust Company, to fill the place of the late Dr. J. Henry Jackson.

EASTERN STATES.

—William A. Law, vice-president of the Merchants' National Bank of Philadelphia, recently delivered an address before the Philadelphia Chapter of the American Institute of Banking on "Cotton as a Factor in American Trade," in which the following striking facts were presented:

The value of the cotton crop, including cotton seed, for the last seven years, has exceeded by over a million dollars the world's total gold and silver production for the same period. Approximately thirty million acres are utilized in the cultivation of the cotton crop in America. The textile industries of the United States, which are mainly cotton, employ over $1,740,000,000 of capital and 1,156,000 wage earners, exceeding every other industry except that of iron and steel manufacture, which employs about 33 1-3 per cent. more capital, according to the figures of the census of 1905.

The cotton crop for the year ending August 31, 1907, has been estimated by the "New York Financial Chronicle" to be 13,550,760 bales, which at 11½ cents per pound for Middling Uplands, probably a fair average, is worth over $800,000,000.

During the last seven years our exports of raw cotton have slightly exceeded the world's production of gold, amounting to approximately $2,500,000,000. We exported during the last cotton year over 8,400,000 bales, importing at the same time slightly over 250,000 bales, making our net exports over 8,150,000 bales. At $57.50 per bale, which is probably a fair average price for last year as above stated, Europe bought from us over $480,000,000 worth of cotton. Year in and year out Europe takes about two-thirds of our cotton crop. The remaining one-third is consumed at home, practically half and half by Northern and Southern mills. Of the world's production, estimating a bale at 500 pounds, the United States furnished last year 13,346,000 bales; the East Indies 3,482,000 bales; Egypt 1,350,000 bales; Brazil 400,000 bales; making a total of 18,578,000 bales. So it will be seen that the United States produces two-thirds of the world's total.

How does cotton compare with other exports in value? According to the figures of the Department of Commerce and Labor, for the year ending June, 1907, cotton exports, including raw and manufactured cotton, amounted to $513,000,000. All kinds of breadstuffs, including corn, oats, wheat and flour, amounted to $184,000,000. All kinds of meat and dairy products, including beef products, hog products, and other meat products and dairy products, amounted to $202,000,000. All kinds of iron and steel amounted to $181,000,000. During the same period our heaviest article of import was sugar, valued at $92,000,000.

—One of the results of the wide use of checks lately made in paying wages will be to familiarize a great many people with the advantages of these instruments.

The Fidelity Title and Trust Company of Pittsburg has issued an instructive leaflet explaining the usefulness of checks and showing how they might be more generally employed in small transactions.

—Trenton, New Jersey, banks, it is reported, will put a charge on New York checks, thus "getting even" with New York banks for imposing collection charges on checks drawn on the Trenton banks.

—The action of the United States Supreme Court in declaring the Greater Pittsburg bill constitutional was received in Pittsburg with enthusiasm. The consolidation gives the city an area of thirty-eight square miles and an estimated population of 550,000. It will outrank Cleveland and Baltimore, Cincinnati and Buffalo, giving Boston a close race for fifth place in size. Pittsburg is now the sixth city in size in the United States, those having greater population being New York, Chicago, Philadelphia, Boston and St. Louis.

—At a meeting of the American Academy of Political and Social Sciences, held in Philadelphia on December 2, a number of men who are eminent in the banking and financial world told what they thought should be done with the currency.

Comptroller Wm. B. Ridgely favored a credit currency and a central bank; Wm. A. Nash and Isaac N. Seligman also favored the central bank idea; Jacob H. Schiff approved the issue of notes by a central bank or some other centralized association, but thought what we most needed was a reform of unsound business methods. Charles H. Treat proposed the retirement of the greenbacks, silver certificates and the present national bank notes and the issue of a special banking bond to be used as a basis for circulation.

—The Southwark National Bank of Philadelphia expects to be in its new building by next spring. The contract has been awarded, and the new structure will be erected on the site of the present one in Second Street, below South.

—Stockholders of the First National Bank of Canton, Pa., have voted to increase the capital stock from $50,000 to $100,000. The bank is in a prosperous condition and incidentally with the increase of capital stock has declared a 50 per cent. cash dividend.

—W. E. Bargar will assume the duties of active vice-president and director of the Third National Bank of Buffalo this month. Mr. Barger is well known as National Bank Examiner of the Buffalo district, and was very successful before his appointment to that office as cashier of the First National Bank at Oakmont, Pa.

—The People's Savings Bank has been organized in Philadelphia with these officers: George H. White, president; E. W. Moore, first vice-president; J. T. Seth, second vice-president; W. P. Hall, treasurer; J. Q. McDougald, secretary, and William J. Treat, cashier.

—The Market Street Title and Trust Company is now conducting its business in a new building at Fifty-second and Market Streets, West Philadelphia. The building is up-to-date in every respect; built of granite and equipped with modern banking facilities.

—The Doylestown (Pa.) Trust Company is preparing to remodel its banking rooms, both lower and upper floors.

—The Treasury Trust Company of Pittsburg will liquidate its affairs and distribute the remaining assets among the shareholders. It is also probable that its shares of the Traders and Mechanics' Bank will be divided proportionately among the stockholders.

—Cashier W. Oliver Craig, of the Bank of Commerce, Philadelphia, has sent in his resignation. Ill-health is the reason given for his action.

—G. H. Barnes has been elected assistant cashier of the Maryland National Bank of Baltimore. The new office was created because of an increase of business in the cashier's department.

—A new institution, the Prudential Savings Bank, will soon be opened in the twenty-seventh ward of Brooklyn.

—At a meeting of the Franklin National Bank of Philadelphia, held recently, E. P. Passmore, cashier, and John A. Harris were elected to the board, the latter also being made vice-president. Mr. Harris has had wide experience in banking and financial work, having at different times served as assistant treasurer of the Girard Trust Co., and the Lehigh Valley Railroad Co.

—With two exceptions, every leading bank in Philadelphia has signed a petition asking the Comptroller of the Currency to designate Philadelphia as a central reserve city for the deposit of national bank funds.

It is necessary under the law to have the assent of three-quarters of the banks in any one city in order to get this privilege.

Richard H. Rushton, chairman of the Philadelphia Clearing-House Committee, said in regard to the matter:

"Philadelphia banks have on an average $18,000,000 to $25,000,000 in New York all the year around. The law provides that a bank can keep half of its 25 per cent. legal reserve in a central reserve city. These cities are Chicago, New York and St. Louis. It will therefore be seen that if Philadelphia is added to this list it would be able to hold its reserve in its own vaults. Its lending capacity would not be any greater, but it would be much more comfortable in cash."

SOUTHERN STATES.

—The Thorndale State Bank of Thorndale, Texas, is to have a new two-story bank building ready for occupancy by January 1. The building will be 24x60 feet, of pressed brick, and will contain two vaults.

—The Union Bank and Trust Company of Houston, Texas, recently took over the business of the Planters and Mechanics' National Bank, together with all of its assets and liabilities. The consolidation makes the Union Bank and Trust Company one of the strongest institutions in the state, and brings its deposits up to a large figure.

—The First State Bank of Hamlin, Texas, has suffered the loss of its building by fire, but the contents of the safes were saved. A new building, handsomer and more modern than the one destroyed, is to be erected.

—The banks of Austin, Texas, have formed a Clearing-House Association, with the following officers: George W. Littlefield, president; E. P. Wilmont, vice-president, and W. H. Folts, treasurer.

—Stockholders of the Wachovia Loan and Trust Company of Winston-Salem, North Carolina, recently voted to increase its capital from $600,000 to $1,000,000.

—The First National of Navasota, Texas, is now occupying its remodeled building, fitted up with every modern banking convenience.

—The Central Bank and Trust Corporation of Atlanta, Ga., is making a strong bid for patronage, and in order to reach women customers, has opened a special department for women in charge of Miss Mary Kingsberry. All modern equipments and conveniences are provided.

—The Citizens' National Bank, Anderson, S. C., will begin business January 1, with a capital stock of $100,000. D. P. McBrayer is president; R. A. Lewis of Belton, vice-president; J. F. Shumate, cashier.

—Stock of the Broadway Bank and Trust Company of Nashville, now in its second year, is selling at $15 above par. Its prosperity is an indication of its careful and conservative policies.

—The Sheffield (Ala.) National Bank is improving its quarters, fitting them up in handsome style. When completed the banking rooms will be all that one could desire for beauty, comfort and convenience.

—A. I. Selden, cashier of the City Bank and Trust Company of Mobile, Ala., will, on January 1, become president of the Central Trust Company of that city. No cashier has been elected to succeed Mr. Selden.

—The Jasper (Ala.) Trust Company is to have a new home in the near future.

—The State Bank and Trust Company of Jackson, Miss., began business October 15, with a paid-up capital of $100,000. Its officers are: T. B. Gaddis of Morton, president; J. S. Snook of Jackson, vice-president; W. D. McRaven of Newton, cashier.

—The Commercial Bank of Brookhaven, Mississippi, held a reception in its banking room November 15, in honor of its twentieth anniversary.

—The Bank of Tryon, N. C., intends to erect a modern bank building that will cost $3,500.

—The People's Bank of Imboden, Arkansas, is erecting a handsome bank building, built entirely of native stone.

—The Bank of West Tampa (Fla.), now occupies a new building fitted up with steel vaults and all modern improvements.

—Joseph G. Brown, president of the Citizens' National Bank of Raleigh, N. C., delivered a stirring address on September 9 on retiring as president of the Chamber of Commerce of that city. It showed great progress in all departments of trade and industry, and an increase of nearly half a million dollars in the resources of the banks in the last year.

MIDDLE STATES.

—The Empire Trust Company of St. Joseph, Mo., is to move into new quarters at 116 South Sixth Street. The president, James N. Burns, expects to fit up the new banking rooms with elegant fixtures.

—Frank Epperson, vice-president of the Manning and Epperson State Bank of Eddyville, has been appointed state bank examiner for Iowa. The appointment comes from State Auditor Carroll and is for the fall pending the opening of a new year.

—Fred E. Farnsworth, recently elected secretary of the American Bankers' Association, has submitted his resignation to the Michigan Bankers' Association, as secretary of that organization.

—The First National of Charlotte, Michigan, is opened up for business in its new building. Hon. J. M. C. Smith is now president.

—Large mercantile houses in Kansas City are establishing savings banks for the use of their employees and customers. Jones Bros. and the Mitchell Dry Goods Company are now doing a regular banking business.

—At a recent meeting of the stockholders of the West End Bank and Trust Company of Cincinnati, it was decided to increase the capital stock from $50,000 to $100,000. The new stock will be listed at $110 per share.

—Ralph N. Ballou, assistant cashier of the National Produce Bank of Chicago since it began business last August, has been made cashier.

—An act passed by the Illinois legislature in 1903 regulating the profession of public accountants, was satisfactorily amended last winter. One requirement, which was done away with, demanded that the applicant for examination should prove to the satisfaction of the State University authorities that he had graduated from some high school with a four years' course. Now with this requirment out of the way, the field is open to many experienced accountants who have not had a high school course.

—After many years of service in the First National Bank of Detroit, vice-president John T. Shaw has been made president to succeed the late D. M. Ferry. Emery W. Clark is now vice-president and Frank C. Smith, cashier. The First National is one of the strongest institutions in Detroit and successfully met the recent financial crisis.

—Charles L. Grandin was recently made vice-president of the People's Bank of Minneapolis and Eugent Tetzlaff becomes a member of the board of directors.

—A prominent educator of Iowa, W. E. Reed, has resigned the superintendency of schools at Valley Junction, a suburb of Des Moines, and will engage in the banking business at Hubbard.

—The Farmers and Merchants' Bank of Chetek, Wis., has installed a handsome set of fixtures in its banking house which was ready for occupancy December 1.

WESTERN STATES.

—John L. Jones, Public Examiner of South Dakota, reports that on August 17 last there were 387 State banks doing business in that state—an increase of fifty-one since September 4, 1906. The banks now have $4,768,475 capital, $709,018 surplus, $1,605,735 undivided profits, and $42,956,951 total resources.

—On December 2 the Chelsea (Mich.) Savings Bank passed into the hands of the State Banking Commissioner. State Treasurer Frank P. Glazier is president of the bank, and $684,000 of state funds were on deposit in the bank.

—During one week of October, the bank clearings of Denver reached the enormous figure of $10,015,437.48. This is the highest mark ever reached in Denver.

—In order to devote his time to private interests in Lawton, Oklahoma, Harry Finley has resigned his position as State Bank Examiner of Kansas.

—J. H. Purdy has resigned as president and director of the Milner (Idaho) State Bank, Limited. W. S. Kuhn of the Pittsburg Bank for Savings will succeed him in both positions.

—A syndicate of influencial citizens, headed by ex-mayor John MacGinnis, has purchased all the stock of F. Augustus Heinze in the Silver Bow National Bank of Butte, Montana. The deal closes important negotiations which have been going on for some time. Mr. Heinze and J. W. Kemper have retired from the directory of the bank.

—A new Commercial and Savings Bank has been opened for business in Kimball, S. D., with a paid-up capital of $10,000. The officers are: Charles Maher, president; John Smith, vice-president; C. E. Stanton, assistant cashier.

PACIFIC STATES.

—On December 1, Geo. W. Fishburn, formerly cashier of the First National at San Diego, assumed his duties as assistant cashier of the National Bank of California, Los Angeles.

—A gain of 19 per cent. over the corresponding week of last year, is the record made by the Spokane Bank clearings for the week of November 14. This is really an enviable record, considering the unsettled conditions of affairs at that time.

—On November 20, William G. Irwin was elected president of the Mercantile Trust Company of San Francisco.

—W. B. Ames has been elected president; F. E. Fay, vice-president, and A. A. Lysle, cashier, of the Miners and Merchants' Bank in Los Angeles, which has succeeded the Fraternal Savings and Commercial Bank.

—Negotiations are in progress for the changing of the Franklin County State Bank, Connell, Wash., to a national bank.

CANADA.

—The Canadian Bankers' Association recently held its annual meeting in the Bank of Montreal and re-elected all of its executive officers. The officers for the ensuing year are: E. S. Clouston, Bank of Montreal, president; Duncan Goulson, Bank of Toronto; George Burn, Bank of Ottawa; H. Stikeman, B. N. A., M. A. Prendergrass, Hochelaga, vice-presidents; J. T. P. Knight, secretary and treasurer.

—H. S. Strathy, who for many years was general manager of the Traders' Bank of Canada, head office at Toronto, has resigned and is succeeded by his son, Stuart Strathy. Mr. Strathy will continue in the less arduous duties of a director of the bank he has served so well.

—The Dominion Bank now has a branch institution at Vancouver, opened since November 25. E. W. Hamber, manager at Colgary, is in charge at Vancouver.

—H. L. Alcorn, of the Bank of Montreal has received an appointment as accountant at Edmunston, N. B.

—The Imperial Bank of Canada, whose head office is at Toronto, reports the following at the close of the half year, October 31: Balance at credit of profit and loss account, April 30, 1907, brought forward, $426,316.31; profits for the six months ended October 31, 1907, after deducting charges of management and interest due depositors, and after making full provision for all bad and doubtful debts and for rebate on bills under discount, $389,027.43; a total of $815,343.74.

This was apportioned as follows: dividends, $265,869.39; special contribution by shareholders to officers and employees' pension fund, $25,000; balance of account carried forward, $524,474.35.

The rest account on April 30 showed a balance at credit of the account $4,773,948.44, to which has been added $86,358.37, the preminum received on the new capital stock.

The footing of the balance sheet on October 31, was $44,923,374.44.

—Here are some facts about Winnipeg, indicating that this lively city is "going some."

Winnipeg has eighteen chartered banks doing business with forty suburban branches in the city. The banks have 472 branches in Western Canada. Bank clearings in 1902, were $188,370,003; in 1904, $294,601,437; in 1906, $504,585,915. They increased 36.40 per cent. year 1906.

—The Bank of Montreal, the largest bank in the Dominion, makes the following report on October 31, 1907, which it will be interesting to compare with the report on the same date in 1906:

Liabilities.

Oct. 31.	1907	1906
Capital stock	$14,400,000	$14,400,000
Surplus and undivided profits	11,699,970	11,159,832
Dividends payable	361,898	362,228
Note circulation	12,500,549	12,036,097
Deposits not at interest	36,043,276	30,842,381
Deposits at interest	90,094,882	99,059,071
Deposits of other Canadian banks	134,193	141,564
	$165,234,768	$168,001,173

Assets.

Specie	$7,729,735	$6,232,607
Legal tender notes	4,320,385	5,374,510
Deposit for circulation	550,000	520,000
Due by banks in Great Britain	4,530,021	5,597,768
Due by banks in foreign countries	3,084,814	3,027,768
Call loan, U. S. and Gt. Britain	23,341,220	29,784,242
Dominion and Provincial Government securities	1,329,927	1,346,088
Railway and other bonds, etc.	9,556,820	8,999,865
Notes and checks, other banks	4,820,335	4,418,994
Total quick assets	$59,263,257	$65,301,842
Bank premises	600,000	600,000
Current loan and discounts	105,107,114	101,814,454
Mortgages	172,527	183,955
Overdue debts	91,870	100,922
Total	$165,234,768	$168,001,173

In profits the bank eclipses all recent records. The following table shows the net earnings and dividends for the past five years:

Year ended—	Profits	Per Cent. on Capital	Rate of Annual Div.
Oct. 31, 1907	$1,980,138	13.75	10
Oct. 31, 1906	1,797,977	12.48	10
Oct. 31, 1905	1,638,659	11.70	10
Oct. 31, 1904	1,609,208	11.48	10
Oct. 31, 1903	1,813,483	13.95	10

—Frank H. Mathewson, manager of the Montreal branch of the Canadian Bank of Commerce, died November 29. His death was due to heart failure, superinduced by a runaway accident.

Mr. Mathewson was born in Montreal fifty-six years ago and received his education in local institutions. He entered a local bank, that has since been absorbed by one of the larger banks, when quite young and a few years later, entered the service of the Bank of Commerce, remaining there till he reached the position of accountant and nearly thirty years ago he went to the Northwest to open a branch of the Bank of Ottawa in Winnipeg.

He remained in the service of the Bank of Ottawa for two or three years and then returned to the Bank of Commerce to open a new branch in Winnipeg. Eight years ago he returned to Montreal to open the present Bank of Commerce.

Mr. Mathewson was held in the highest esteem for his ability and integrity, and was popular in banking and general business circles.

—La Banque Nationale—head office Quebec—was incorporated in 1860, and has $1,787,124 capital paid up, a reserve fund of $750,000 and $64,060 to the credit of profit and loss.

The officers are: President, R. Audette; vice-president, A. Chanveau; manager, P. Lafrance; inspector, N. Lavoie.

The general statement on April 30, 1907, showed $13,748,943.78 total assets.

—An excellent map of The Canadian West, compiled from the Government maps and revised to January, 1907, has been issued by the Canadian Bank of Commerce, which will supply copies on application.

An explanation of the system of land survey in the provinces of Manitoba, Saskatchewan and Alberta and also a synopsis of Canadian homestead regulaltions accompany the map.

—The Year Book of the Bank of Hamilton (head office Hamilton, Ontario), contains some interesting information regarding the growth of that institution.

Beginning business in 1872 with a paid-up capital of $275,000, this item has been increased from time to time until it now amounts to $2,500,000. The reserve has grown from $360,000 in 1888 to $2,500,000—the same as the capital—in 1907.

In the past ten years the advance in the bank's position has been particularly noteworthy, the capital having increased 97 per cent., the circulation 147 per cent., the reserve 240 per cent., deposits 278 jer cent., and total assets 230 per cent. The total deposits in 1897 were $6,437,436, and in 1906, $24,386,027. Reserve, or surplus, grew in the same time from $725,000 to $2,500,000, and the capital was doubled.

Hon. Wm. Gibson is president of the Bank of Hamilton, and J. Turnbull, vice-president and general manager.

NEW BANKS, CHANGES IN OFFICERS, ETC.

NEW NATIONAL BANKS.

The Comptroller of the Currency furnishes the following statement of new National banks organised since our last report.

Applications to Organize National Banks Approved.

The following notices of intention to organize National banks have been approved by the Comptroller of the Currency since last advice.

First National Bank, Covington, Ga.; by N. Z. Anderson, et al.

Farmers' National Bank, Blanchard, I. T.; by Jere Pattison, et al.

First National Bank, Kimball, Neb.; by Gus Linn, et al.

First National Bank of Highland, Monterey, Va.; by J. A. Jones, et al.

First National Bank, Encampment, Wyo.; by G. M. Winkelman, et al.

Citizens' National Bank, Macon, Ga.; by J. Clay Murphey, et al.

Third National Bank, Fitzgerald, Ga.; by C. E. Baker, et al.

First National Bank, Gilbert, Minn.; by W. J. Smith, et al.

Warsaw National Bank, Warsaw, Ind.; by Abe Brubaker, et al.

First National Bank, Lewisville, Ohio; by J. W. Zerger, et al .

First National Bank, Mt. Calm, Tex.; by B. H. Oates, et al.

Page National Bank, Page, W. Va.; by J. C. R. Taylor, et al.

First National Bank, Lebanon, Oreg.; by S. M. Garland, et al.

People's National Bank, West Alexander, Pa.; by James B. Chambers, et al.

First National Bank, Clay City, Ind.; by J. S. Goshorn, et al.

First National Bank, Bucklin, Kans.; by Fred S. Treckell, et al.

First National Bank, Sedgwick, Colo.; by R. T. McGrew, et al.

First National Bank, Cortez, Colo.; by A. P. Culley, et al.

Cortez National Bank, Cortez, Colo.; by C. H. Rudy, et al.

Coplay National Bank, Coplay, Pa.; by H. Y. Horn, et al.

First National Bank, Bowman, N. D.; by J. E. Phelan, et al.

Brownstown National Bank, Brownstown, Pa.; by I. J. Myers, et al.

Cunningham National Bank, Joplin, Mo.; by T. W. Cunningham, et al.

First National Bank, Hubbard, Ia.; by H. R. Long, et al.

First National Bank, Boyne City, Mich.; by Chalmers Curtis, et al.

Beaver National Bank, Beaver, Utah; by Chas. Woolfenden, et al.

First National Bank, Mayville, N. Y.; by C. R. Clippery, et al.

APPLICATION FOR CONVERSION TO NATIONAL BANKS APPROVED.

Commercial Savings Bank, Shenandoah, Ia., into Commercial National Bank.

Munising State Bank, Munising, Mich., into First National Bank of Alger Co.

Bank of the Valley, Sidney, Mont., into First National Bank.

People's Bank, Rocky Mount, Va., into People's National Bank.

NATIONAL BANKS ORGANIZED.

8923—Lynbrook National Bank, Lynbrook, N. Y.; capital, $25,000; Pres., H. W. Pearsall; Vice-Pres., J. F. Felton; Cashier, W. C. A. Brower.

8924—Grange National Bank of Lycoming County; Hughesville, Pa.; capital, $50,000; Pres., J. K. Boak; Vice-Pres's, Alez Decker and Jno. W. King; Cashier, H. G. Van Devender.

8925—Western National Bank, Odessa, Tex.; capital, $40,000; Pres., T. G. Hendrick; Vice-Pres., E. A. Kelley; Cashier, Geo. B. Black.

8926—Bronx National Bank, New York City, N. Y.; capital, $200.000; Pres., Geo. N. Reinhardt; Vice-Pres's, O. M. Nilson and Fred A. Wurzbach; Cashier, Wm. A. Price.

8927—Farmers' National Bank, Wadesville, Ind.; capital, $25,000; Pres., Dan Williams; Vice-Pres., Chas. W. Radcliff; Cashier, B. O. Warren.

8928—Farmers' National Bank; Gatesville, Tex.; capital, $30,000; Pres., W. A. Schley; Vice-Pres., C. E. Clark; Cashier, B. L. York; Asst. Cashier, Jno. M. Washam.

8929—First National Bank, Huntingburg, Ind.; capital, $25,000; Pres., Chas. Moenkhaus; Vice-Pres., E. W. Blemker; Cashier, W. E. Gasaway.

8930—First National Bank, Palmerton, Pa.; capital, $25,000; Pres., D. O. Straup; Vice-Pres., Thos. B. Craig; Cashier, Allen D. Craig.

8931—First National Bank, State Center, Ia.; capital, $25,000; Pres., J. W. Dobbin; Vice-Pres., J. L. McMahon; Cashier, F. L. Dobbin; Asst. Cashier, W. J. Whitehall.

8932—City National Bank, East St. Louis, Ill.; capital, $200,000; Pres., M. M. Stephens; Vice-Pres's, A. B. Daab and L. O. Whitnel; Cashier, R. E. Gillespie; Asst. Cashier, D. W. Chapman.

8933—First National Bank, Lockport, Ill.; capital $25,000; Pres., Leon McDonald; Vice-Pres., Philip Yost; Cashier, Carl H. Muehlenpfordt.

8934—First National Bank, Lewisburg, Tenn.; capital, $80,000; Pres., W. W. McLean; Cashier, W. R. Hutton.

8935—Saranac Lake National Bank, Saranac Lake, N. Y.; capital, $50,000; Pres., Frank E. Kendall; Vice-Pres., Frank H. McKee; Cashier, Jno. A. May.

8936—Essex National Bank, Essex, Conn.; capital, $25,000; Pres., C. G. Cheney; Vice-Pres., E. O. Reynolds; Cashier, H. B. Barnes.

8937—First National Bank, Lake Forest, Ill.; capital, $50,000; Pres., David H. Jackson; Vice-Pres., Geo. Anderson; Cashier, Frank W. Read.

8938—Industrial National Bank, West York (Post-office York), Pa.; capital, $50,000; Pres., S. S. Aldinger; Vice-Pres., Z. Lauer; Cashier, T. J. Young.

8939—First National Bank, Fleetwood, Pa.; capital, $25,000; Pres., D. F. Kelchner; Vice-Pres's, S. R. Rothermel, C. A. Wanner and F. S. Kutz; Cashier, W. G. Hartman.

8940—Taylorville National Bank, Taylorville, Ill.; capital $150,000; Pres., L. D. Hewitt; Vice-Pres's. Jno. B. Colgrove and Grover C. Hoover; Cashier, J. B. Walker; Asst. Cashier, F. C. Achenbach.

8941—First National Bank, Springfield, Oreg.; capital, $25,000; Pres., B. A. Washburne; Vice-Pres., Ben Ayers; Cashier, J. B. Bell; Asst. Cashier, E. E. Kepner.

8942—First National Bank, Springfield, S. D.; capital, $25,000; Pres., E. Colburn; Vice-Pres., A. A. Dye; Cashier, A. W. Swayne; Asst. Cashier, Nanno Maarsingh.

8943—Farmers' National Bank, Clay, Ky.; capital, $25,000; Pres., J. B. Mitchell; Vice-Pres., B. C. Hendrix; Cashier, C. E. Herin; Asst. Cashier, Mrs. C. E. Hearin. Conversion of Farmers' Bank.

8944—Farmers and Merchants' National Bank, Eldorado, Okla.; capital $25,000; Pres., J. B. Goodlett; Vice-Pres., J. F. Womack; Cashier, W. E. Oliver.

8945—First National Bank, Covington, Ga.; capital, $40,000; Pres., N. Z. Anderson; Vice-Pres., L. O. Benton; Cashier, C. D. Terrell.

8946—Grange National Bank of Clarion Co., Sligo, Pa.; capital, $25,000; Pres., J. B. Morrison; Vice-Pres's, F. R. Slaugenhoupt and J. A. Smith; Cashier, Roy Edgar.

8947—Cunningham National Bank, Joplin, Mo.; capital, $200,000; Pres., T. W. Cunningham; Vice-Pres., Joel T. Livingston; Cashier, Mrs. V. F. Church; Asst. Cashier, Tillie Muller.

NEW STATE BANKS, BANKERS, ETC.

ALABAMA.

Enterprise—Farmers and Merchants' Bank; capital, $15,000; Pres., W. H. Holloway; Vice-Pres's, J. W. Goff and D. H. Morris; Cashier, W. W. Fussell.

Montgomery—Alabama Bank and Trust Co.; capital, $300,000; Pres., J. L. Hall; Vice-Pres., W. F. Vandiver; Cashier, R. E. Seibels.

CALIFORNIA.

El Cajon—Cuyamaca State Bank; capital, $25,000; Pres., Allen T. Hawley; Vice-Pres., C. O. Nichols; Cashier, H. G. Candee.

Forestville—Branch of Analy Savings Bank; Thos. Silk, Cashier.

COLORADO.

Fowler—Fowler State Bank; capital, $1,500; Pres., A. M. Lipsey; Vice-Pres., J. S. Lipsey; Cashier, C. W. Benedict.

Manitou—Bank of Manitou; capital, $10,000; Pres., M. Cornish; Vice-Pres., H. M. Ogilber; Cashier, J. F. Campbell.

FLORIDA.

Brooksville—Brooksville Banking Co.; capital, $11,250; Pres., J. B. Norman, Jr.; Vice-Pres., J. C. Burwell; Cashier, Chas. M. Price.

Fernandina—Nassau Bank; capital, $50,000; Pres., Jno. G. McGiffin; Vice-Pres., C. H. Chesnut; Cashier, Everett Mizell.

GEORGIA.

Register—Bank of Register (Branch of Glenville Bank); Cashier, N. W. Kichlighter.

Woodland—Woodland Bank; capital, $15,000; Pres., Wm. E. Mathis; Vice-Pres., B. A. Smith; Cashier, N. A. Perry.

ILLINOIS.

Johnston City—Citizens' Bank; capital, $25,000; Pres., C. E. McClintock; Vice-Pres., D. H. Herison; Cashier, Ed. Duncan; Asst. Cashier, W. L. Taler.

Tallula—Farmers and Merchants' State Bank (succeeded Greene & Greene); capital, $50,000; Pres., G. U. Spears; Vice-Pres., Jacob Schnapp; Cashier, F. A. Tomlin.

INDIANA.

Huntington — Huntington Trust Co.; capital, $50,000; Pres., I. F. Beard; Vice-Pres., M. B. Stults; Cashier, Geo. B. Whitestine.

Lake—Lake State Bank; capital, $25,000; Pres., J. C. Jolly; Vice-Pres., L. R. McCoy; Cashier, S. C. Ferguson; Asst. Cashier, T. H. Axton.

INDIAN TERRITORY.

Lamar—Bank of Lamar; capital, $6,600; Pres., J. M. Browning; Vice-Pres., J. P. Atkins; Cashier, W. E. Browning.

Poteau—Leflore Co. Bank (succeeded Leflore Co. Bank and Trust Co.); capital, $12,500; Pres., C. D. Hill; Vice-Pres., Frank Lewis; Cashier, Ted Goode.

IOWA.

Marengo—German American Savings Bank (succeeded Marengo Savings Bank); capital, $25,000; Pres., D. H. McKee; Vice-Pres., J. E. Engelbert; Cashier, Chas. Ludwig; Asst. Cashier, Chas. Denzler.

West Grove—West Grove Bank; capital, $10,000; Pres., L. A. Andrew; Vice-Pres., Minton R. Harris; Cashier, Carl Trout.

KANSAS.

Glasco—Farmers' State Bank; capital, $20,000; Pres., F. J. Atwood; Vice-Pres., J. N. Brock; Cashier, R. M. Sawhill.

Independence—State Bank of Commerce; capital, $75,000; Pres., W. A. Spencer; Vice-Pres., W. M. Litchfield; Cashier, E. W. Sinclair; Asst. Cashier, W. R. Cates.

Kanapolis—Exchange Bank; capital, $10,000; Pres., James Cowie, Jr.; Vice-Pres., W. D. Sturgin; Cashier, R. W. Banton.

Olsburg—Farmers' State Bank; capital, $10,000; Pres., A. V. Johnson; Vice-Pres., Jno. F. Richards; Cashier, M. R. Johnson.

Stillwell—State Bank; capital, $12,500; Pres., M. A. Kelly; Vice-Pres., W. M. Moon; Cashier, P. H. Hendrix.

Talmo—Farmers' State Bank; capital, $10,000; Pres., E. A. Corey; Vice-Pres., H. W. Barber; Cashier, C. L. Pettyjohn.

KENTUCKY.

McHenry—McHenry Deposit Bank; capital, $75,000; Pres., S. J. Tichenor; Vice-Pres., J. S. Smith; Cashier, M. Nall.

LOUISIANA.

Winnfield—Farmers' State Bank; capital, $16,000; Pres., J. W. Bayett, Jr.; Vice-Pres., S. N. Holmes; Cashier, O. K. Allen.

MICHIGAN.

Climax—Climax State Bank (succeeded Exchange Bank); capital, $20,000; Pres., A. A. Aldrich; Vice-Pres., M. M. Scramlin; Cashier, T. E. Sinclair.

Dichton—Farmers and Merchants' Bank; Pres., O. O. Dunham; Vice-Pres., W. A. Wyman; Cashier, A. W. Ladd.

Fulton—Bank of Fulton; Pres., H. J. Daniels; Vice-Pres., D. W. Cook; Cashier, W. L. Ewing; Asst. Cashier, Frank C. McDonald.

Hemlock—Bank of Hemlock; Pres., Wm. Pahl; Vice-Pres., J. H. Hudson; Cashier, R. T. Maynard.

New Boston—New Boston Bank; Pres., P. C. Bird; Cashier, P. C. Bird; Asst. Cashier, C. M. Bird.

Onsted—Onsted State Bank (succeeded Bank of Onsted); capital, $20,000; Pres., F. M. Skinner; Vice-Pres., Leonard Mann; Cashier, S. C. Fairbanks; Asst. Cashier, Martin Odell.

Richland—Richland State Bank; capital, $10,000; Pres., E. G. Read; Vice-Pres., M. A. Snow; Cashier, W. C. Whitney.

Westphalia—Westphalia State Bank; capital, $20,000; Pres., Michael Spitzley; Vice-Pres. and Cashier, Geo. W. Burhans.

MINNESOTA.

Kennedy—Citizens' State Bank; capital, $10,000; Pres., B. E. Sundberg; Cashier, Johan A. Anderson; Asst. Cashier, T. Anderson.

Nevis—State Bank; capital, $10,000; Pres., Oliver Halvorson; Vice-Pres., W. C. Thompson; Cashier, J. H. Halvorson.

Racine—Racine State Bank (succeeded Bank of Racine); capital, $15,000; Pres., Silas Utzinger; Vice-Pres., C. Schwarz; Cashier, R. W. Chadwick.

MISSOURI.

Cowgill—State Bank; capital, $20,000; Pres., C. L. Wells; Vice-Pres., A. J. Austin; Cashier, F. B. Shields; Asst. Cashier, J. H. Hatfield.

Greenville—Citizens' Bank; capital, $10,000; Pres., S. J. Malugen; Vice-Pres., N. W. McGee; Cashier, Jno. G. Settle.

Salem—Security State Bank; capital, $10,000; Pres., N. D. Hobson; Vice-Pres., E. A. Seay; Cashier, E. F. Dent.

St. Louis—Commercial Trust Co.; capital, $100,000; Pres., L. J. W. Wall; Vice-Pres.'s, J. K. Hiedringhaus and Walter Dickey; Sec'y, J. L. Babler. —Savings Trust Co.; capital, $100,000; Pres., S. Seelig; Vice-Pres's, W. L. Clark and J. Wm. Taylor; Treas., A. W. Alexander.

Vandalia—Commercial Bank; capital, $30,000; Pres., S. A. Waters; Vice-Pres., C. E. Blain; Cashier, F. B. Detienne; Asst. Cashier, C. A. Kendall.

NEBRASKA.

Shubert—Citizens' Bank; capital, $10,-000; Pres., H. E. Williams; Vice-Pres., E. C. Riggs; Cashier, J. F. Shubert.

NEVADA.

Vernon—Vernon State Banking Corporation; capital, $12,500; Pres., L. A. Friedman; Vice-Pres., P. Anker; Cashier, F. I. Gunnell; Asst. Cashier, Thos. Magill.

NEW YORK.

Buffalo—Grannis & Lawrence.

Floral Park—The Park Bank; capital, $25,000; Pres., Edw. L. Frost; Vice-Pres., John L. Childs.

Oyster Bay—North Shore Bank; capital, $25,000; Pres., J. Rhoder; Vice-Pres., Jno. F. Benningham; Cashier, H. L. Brown.

NORTH CAROLINA.

Sharpsburg—Sharpsburg Banking Co.; capital, $7,000; Pres., Jno. D. Daws; Vice-Pres's, Geo. T. Daws and G. A. Lucas; Cashier, F. C. Gorham; Asst. Cashier, J. W. Robbins.

NORTH DAKOTA.

Adams—Scandia American Bank (succeeded First National Bank); capital, $10,000; Pres., C. A. Jeglum; Vice-Pres., C. D. Lord; Cashier, L. L. Larson.

OHIO.

Akron — Commercial Savings Bank; Pres., Jno. Kerch; Vice-Pres., Chas. H. Myers; Cashier, C. R. Musser; Sec'y, A. S. Mottinger.

Archbold—People's State Bank Co.; capital, $12,500; Pres., L. P. Vernier; Vice-Pres., Joel Rupp; Cashier, S. C. Schantz.

Gallipolis — Farmers and Merchants' Bank; Pres., A. B. Howard; Vice-Pres., O. L. Howard; Cashier, J. S. Howard.

Gilboa—Gilboa Banking Co.; Pres., Isaac Bracy; Vice-Pres., D. T. McCullough; Cashier, I. M. Lewis.

Harrod—Harrod State Bank; capital, $15,000; Pres., L. B. Harrod; Vice-Pres., A. E. Rankin; Cashier, W. E. Harrod.

Millersport—Millersport Bank Co.; capital, $15,000; Pres., H. C. Brison; Vice-Pres., Geo. W. Taylor; Cashier, H. A. House.

Nova—Nova Banking Co.; capital, $12,-500; Pres., E. E. Miller; Vice-Pres., A. O. Curry—Cashier, Guy Murry.

Tarlton—Tarlton Banking Co.; Cashier, J. W. Shoemaker.

Trotwood—Farmers and Citizens' Bank; capital, $10,000; Pres., Jno. G. Kuns; Vice-Pres., G. Munnich.

OKLAHOMA.

Arnett—Ellis County Bank; capital, $10,000; Pres., J. F. Fowler; Vice-Pres., O. E. Null; Cashier, C. L. Johnson.

Goodwell—First State Bank; capital, $10,000; Pres., J. R. P. Sewell; Vice-Pres., D. G. Jackson; Cashier, W. A. Ruggles, Jr.

Helena—Farmers' State Bank (succeeded First National Bank); capital, $10,-000; Pres., M. W. Denninger; Vice-Pres., G. W. Knowlton; Cashier, J. W. Glidewell.

OREGON.

Myrtle Creek—Citizens' State Bank; capital, $10,000; Pres., B. J. Howlands; Vice-Pres., Nate Selig; Cashier, Cyrus O. Nelson.

Pilot Rock—First Bank of Pilot Rock; capital, $15,000; Pres., Douglas Belts; Vice-Pres., J. N. Burgess; Cashier, F. C. Roberts.

PENNSYLVANIA.

Philadelphia—Market Street Title and Trust Co.; capital, $125,000; Pres., A. Wilson, Jr.; Vice-Pres., Harrison N. Diesel; Treas., R. B. Chase.—Mutual Trust Co.; capital, $750,000; Pres., W. J. Koch; Vice-Pres., E. L. Rogers; Treas., Jno. S. Trouitt.

SOUTH CAROLINA.

Lynchburg—Bank of Lynchburg; capital, $20,000; Pres., Chas. A. Smith; Vice-Pres., J. W. Tarrant; Cashier, C. E. Timmons.

SOUTH DAKOTA.

Dixon—People's Bank (succeeded Bank of Dixon); capital, $5,000; Pres., H. F. Slaughter; Vice-Pres., E. F. Slaughter; Cashier, G. F. Matoushek; Asst. Cashier, Fred Matoushek.

Miranda—Miranda State Bank; capital. $5,000; Pres., Philip Findus; Vice-Pres., V. Moberg; Cashier, J. A. Rause.

Wasta—Bank of Wasta; capital, $10,000; Pres., P. Duhamel; Vice-Pres., C. Morse; Cashier, O. L. Reed; Asst. Cashier, Chas. B. Hunt.

TENNESSEE.

Concord—Bank of Concord; capital, $10,000; Pres., W. F. McAfee; Vice-Pres., C. L. Russell; Cashier, J. G. Brown.

Covington—Five Cent Savings Bank and Trust Co.; Pres., L. Hill, Jr.; Vice-Pres., R. H. White; Cashier, J. M. Polk.

Flatcreek — Flatcreek Savings Bank; capital, $10,000; Pres., W. L. Crigler; Vice-Pres., I. S. Reagor; Cashier, E. Shofner.

Mountain City—Bank of Mountain City; Pres., B. G. Wills; Vice-Pres., R. W. Jackson; Cashier, R. F. McDade; Asst. Cashier, C. C. Donnelly.

Dresden—People's Bank; capital, $100,000; Pres., H. H. Lovelan; Vice-Pres., W. M. Hall; Cashier, T. H. Former; Asst. Cashier, Geo. E. Former.

TEXAS.

Barksdale—State Bank; capital, $10,000; Pres., S. T. Stockton; Vice-Pres., W. E. McCarson; Cashier, C. P. Patrick.

Bomarton—First State Bank; capital, $10,000; Pres., E. A. Fancher, Vice-Pres., B. B. Calfee; Cashier, R. H. Rivier.

Childress—First State Bank; capital, $25,000; Pres., W. L. Underwoods; Vice-Pres., G. S. Withey; Cashier, E. T. Biggerstaff; Asst. Cashier, J. M. Alexander.

Coldspring—San Jacinto State Bank; capital, $10,000; Pres., Tod Robinson; Vice-Pres., D. McCordell.

Dallas—Texas Bank and Trust Co.; capital, $500,000; Pres., J. O. Teagarden; Vice-Pres., J. M. Gurley; Cashier, R. W. Wright; Asst. Cashier, Chas. P. Smith.

Kirkland—First State Bank; capital, $10,000; Pres., R. H. Norris; Vice-Pres., J. M. Wilder; Cashier, Jno. K. Crews.

Light—First State Bank; capital, $10,000; Pres., F. J. Grayum; Vice-Pres., A. W. Roberts; Cashier, J. M. Boyd.

Linden—Cass County Bank; capital $15,000; Pres., C. H. Nelson; Vice-Pres., J. C. Fant; Cashier, I. N. Marett.

Paducah—Farmers' State Bank (succeeded Farmers and Merchants' Bank); capital, $10,000; Pres., T. M. Drummond; Vice-Pres., T. O. Wilkins; Cashier, C. L. Crump.

Pampa—Gray County State Bank; capital, $10,000; Pres., J. S. Wynne; Vice-Pres., D. J. Young; Cashier, J. T. Crawford, Jr.

Salado—First State Bank; capital, $10,000; Pres., W. J. Foster; Vice-Pres., N. H. Shanklin; Cashier, S. T. Berry.

Springtown—Farmers' Exchange Bank; capital, $10,000; Pres., W. H. Grove; Vice-Pres.'s, G. L. Cash and J. T. Roberson; Cashier, L. B. Ward.

Sylvester—J. F. Newman & Sons; capital, $50,000; Pres., J. F. Newman; Cashier, C. Newman.

Tatum—First State Bank; capital, $10,000; Pres., A. O. Menefee; Vice-Pres., D. E. Waggoner; Cashier, M. C. De Gewing.

VIRGINIA.

Cleveland—People's Bank; capital, $6,600; Pres., J. A. Strickland; Vice-Pres., R. Smith; Cashier, W. P. Musick.

Monterey—Citizens' Bank; capital, $20,000; Pres., C. P. Jones; Vice-Pres., H. E. Colaw; Cashier, C. M. Lunsford.

WASHINGTON.

Connell—State Bank (succeeded Bank of Connell); capital, $15,000; Pres., J. D. Bassett; Vice-Pres., A. G. Sutherland; Cashier, W. H. Sutherland; Asst. Cashier, A. G. Sutherland.

WISCONSIN.

Avoca—Avoca State Bank; capital, $10,000; Pres., Daniel Bohan; Vice-Pres., Jno. B. Eagen; Cashier, P. R. Emmert.

La Crosse—Citizens' State Bank; capital, $50,000; Pres., H. B. Dahle; Cashier, T. S. Thompson.

Milwaukee—Badger State Bank; capital, $50,000; Pres., G. Reinke; Vice-Pres., W. A. Tharinger; Cashier, F. E. Wallber.

Ridgeway—Ridgeway State Bank; capital, $10,000; Pres., Thos. Paull; Cashier, J. T. Paull.

WYOMING.

Greybull—Greybull Bank; capital, $10,000; Pres., T. S. Trimmer; Vice-Pres., F. M. Williams; Cashier; C. J. Williams.

Luther—Luther State Bank; capital, $5,100; Pres., R. F. Graeber; Vice-Pres., J. R. Carpenter; Cashier, A. B. Schuetz.

CANADA.

ALBERTA.

Lethridge—Merchants' Bank of Canada; Mgr., E. W. McMullen.

Strathcona—Dominion Bank; Mgr., R. Blomfield.

BRITISH COLOMBIA.

New Westminster — Northern Bank; Mgr., J. E. Allen.

ONTARIO.

Port Arthur—Mgr., H. C. Houston.

QUEBEC.

Rigaud—Merchants' Bank of Canada; Mgr., S. Z. Paquin.

SASKATCHEWAN.

Regina—Bank of Nova Scotia; Mgr., T. R. Jones.

CHANGES IN OFFICERS, CAPITAL, ETC.

ARKANSAS.

Hot Springs—Security Bank; E. A. Douglas, Pres., deceased.

Paragould—Security Bank and Trust Co.; G. O. Light, Cashier, in place of R. J. Kibler, resigned.

CALIFORNIA.

Auburn—Placer Co. Bank consolidated with Bank of Auburn, under former title.

Brawley—Imperial Valley Bank; Pres., W. F. Dunn; Vice-Pres., C. M. Stahl; Cashier, R. E. Gardner.

Fullerton — Farmers and Merchants' Bank; Pres., Saml. Kraemer; Vice-Pres., A. Pieratti; Asst. Cashier, C. W. Crandall.

Livermore—First National Bank; H. S. Goodell, Cashier, in place of R. B. Temple.

San Diego—First National Bank; F. J. Belcher, Jr., Cashier, in place of G. W. Fishburn.

San Jose—First National Bank; W. S. Clayton, Pres., in place of J. D. Radford.

San Leandro—Bank of San Leandro; L. C. Morehouse, Pres., in place of S. Huff.

Sierra Madre—First National Bank; Chas. S. Kersting, Pres., in place of Alfred Cooper.

Upland—First National Bank; Chas. D. Adams, Vice-Pres., in place of H. E. Swan; A. E. Huntington, Cashier, in place of C. T. McCulloch; C. T. McCulloch, Asst. Cashier.

COLORADO.

Lake City — Miners and Merchants' Bank; Jno. F. Maurer, Cashier, in place of E. P. Jordan.

Sterling—First National Bank: F. G. Salisbury, Asst. Cashier, in place of G. W. Cook; V. B. Watts, Asst. Cashier.

CONNECTICUT.

Greenwich—Greenwich National Bank; Jno. Maher, Vice-Pres., in place of R. L. Chamberlain.

New Britain—New Britain National Bank; F. S. Chamberlain, Cashier, in place of E. N. Stanley.

Norwich—Thames National Bank; Willis A. Briscoe, Vice-Pres., in place of W. N. Blackstone.

FLORIDA.

Pensacola—Pensacola Bank and Trust Co.; Thos. C. Watson, Vice-Pres.

GEORGIA.

Colquitt—First National Bank; W. P. Dunn, Cashier, in place of B. B. Roberts.

Fitzgerald—Exchange National Bank; J. D. Dorminey, Cashier, in place of E. W. Stetson; no Asst. Cashier in place of J. D. Dorminey.

HAWAII.

Lahaina—Lahaina National Bank; W. L. Deconto, Vice-Pres.

Wailuku—First National Bank; D. H. Case, Second Vice-Pres.

IDAHO.

Hailey—First National Bank; G. D. Snell, Jr., Pres., in place of R. F. Buller; Jno. D. C. Kruger, Cashier, in place of F. H. Parsons; A. W. Ensign, Asst. Cashier.

Milner—Milner State Bank; W. S. Kuhn, Pres., in place of J. H. Purdy, resigned.

Shoshone—First National Bank; W. Hall Horne, Cashier, in place of G. B. Novinger.

St. Anthony—First National Bank; G. E. Bowerman, Pres., in place of T. M. Hodgens; Chas. S. Burton, Vice-Pres.; no Cashier in place of G. E. Bowerman; L. C. Blackhall, Asst. Cashier.

ILLINOIS.

Chicago—Commercial National Bank; Geo. E. Roberts, Pres., in place of James H. Eckels, deceased; W. F. Mahony, authorized to sign "pro Cashier."—National Produce Bank; R. N. Ballou, Cashier; no Asst. Cashier in place of R. N. Ballou.—United States Trust Co.; absorbed the Jennings Real Estate, Loan and Trust Co.

Clinton—De Witt Co. National Bank; Fred Crang, Cashier.

Joliet—Will Co. National Bank; Henry J. Weber, Cashier in place of C. H. Talcott.

Mackinaw—Mackinaw State Bank; Norman L. Porter, Pres.

Springfield—Farmers' National Bank; Edw. D. Keys, Pres., in place of S. Mendenhall, deceased; Alf. O. Peterson, Cashier, in place of Edw. D. Keys.

Triumph—First National Bank; Mark F. Worsley, Cashier, in place of E. N. Cook.

Waverly—First National Bank; A. W. Reagel, Pres., in place of G. D. Bradford.

Westfield—First National Bank; W. H. Dremel, Cashier, in place of J. M. Lockett.

INDIANA.

Howell—Farmers and Citizens' Bank; F. C. Baugh, Cashier, in place of E. M. Roland, resigned.

Indianapolis—Fletcher National Bank; S. A. Fletcher, Pres., in place of S. J. Fletcher; S. J. Fletcher, Vice-Pres., in place of S. A. Fletcher.

Poseyville—First National Bank; J. H. Gwaltney, Cashier, in place of J. W. Turner.

INDIAN TERRITORY.

Beggs—First National Bank; O. K. Peck, Cashier, in place of H. H. Barker.

Holdenville—American National Bank; S. Parmenter, Pres., in place of L. C. Parmenter; L. C. Parmenter, Cashier, in place of W. E. Templeman.

Madill—First National Bank; F. B. Herron, Cashier, in place of N. T. Gilbert.

McAlester—City National Bank of South McAlester, title changed to City National Bank of McAlester.

Muskogee—First National Bank; Asa E. Ramsay, Cashier, in place of B. A. Randle.

Vinita—Vinita National Bank; J. E. Buffington, Cashier, in place of J. F. Quillian.

Wapanucka—First National Bank; W. O. Salmon, Cashier, in place of E. H. Castle.

IOWA.

Dunkerton—First National Bank; F. P. Davis, Cashier, in place of F. C. Braniger.

Gilman—Bank of Gilman; W. W. Imler, Cashier, in place of G. F. Stansberry, resigned.

Hedrick—First National Bank; J. T. Brooks, Pres., in place of W. H. Young; H. C. Lynn, Cashier, in place of J. T. Brooks.

Mt. Pleasant—National State Bank; Jas. T. Whiting, Pres., in place of R. S. Gillis, deceased; E. T. Willits, Vice-Pres., in place of J. G. Budde, deceased; Jas. T. Gillis, Cashier, in place of J. T. Whiting; no Asst. Cashier in place of Jas. T. Gillis.

New London—First National Bank; W. H. Bangs, Cashier, in place of V. H. Shields.

Perry—First National Bank; H. M. Pattee, Cashier, in place of J. M. Woodworth; no Asst. Cashier in place of H. M. Pattee.

Renwick—First National Bank; W. E. Harvey, Cashier, in place of H. B. Cole; no Asst. Cashier in place of W. E. Harvey.

Ryan—Ryan State Bank; Pres., Jno. Dolphin; Cashier, J. J. Dolphin.

Sac City—Farmers' Savings Bank; S. M. Elwood, Pres., in place of R. Lewis.

Seymour—First National Bank; D. C. Bradley, Pres., in place of J. C. Calhoun.

Smithland—Rice's Bank; title changed to Rice Savings Bank.

KANSAS.

Junction City—First National Bank; B. Rockwell, Pres., in place of G. W. McKnight; Jas. V. Humphrey, Vice-Pres., in place of B. Rockwell.

Stockton—National State Bank; M. S. Coolbaugh, Cashier, in place of W. E. Coolbaugh.

KENTUCKY.

Eminence—Farmers and Drovers' Bank; Jno. A. Crabb, Cashier, in place of Horace C. Dale.

Mumfordville—Hart Co. Deposit Bank and Trust Co.; F. J. Fowler, Cashier, in place of Geo. D. Mentz.

New Haven—Bank of New Haven; F. X. Dawson, Pres.; F. M. Howard, Cashier.

LOUISIANA.

Slidell—Bank of Slidell; J. D. Grant, Vice-Pres., in place of C. S. Walker, resigned.

MARYLAND.

Baltimore—Maryland National Bank; G. H. Barnes, Asst. Cashier.

Hagerstown—First National Bank; F. W. Mish, Pres., in place of S. M. Bloom.

Woodbine—Woodbine National Bank; H. S. Owings, Cashier, in place of R. T. Glisan.

MASSACHUSETTS.

Boston—First National Bank; no Vice-Pres. in place of Edw. A. Presbrey, deceased.—People's National Bank of Roxbury; G. H. Corey, Cashier, in place of W. F. Beale, Acting Cashier. —South End National Bank; J. H. Goddard, Pres., in place of J. A. Pray; R. G. Morris, Vice-Pres., in place of J. H. Goddard.

Clinton—First National Bank; F. M. Hammond, Vice-Pres.

Ipswich—First National Bank; C. A. Norwood, Vice-Pres., in place of F. D. Henderson.

Salem—Naumkeag National Bank; A. W. West, Pres., in place of B. H. Fabens, deceased; no Vice-Pres., in place of A. W. West.

Wakefield—Wakefield National Bank; A. G. Walton, Vice-Pres., in place of F. B. Carpenter, deceased.

MICHIGAN.

Brown City—Citizens' State Savings Bank; D. A. McKeith, Cashier, in place of Jno. M. Morris, resigned.

Grand Rapids—Fifth National Bank; C. L. Ross, Cashier, in place of S. W. Sherman; W. H. Gallmeyer, Asst. Cashier, in place of C. L. Ross.

Owosso—Citizens' Savings Bank; Dudley E. Waters, Pres., in place of I. H. Keeler.

Yale—First National Bank; C. R. Adams, Asst. Cashier, in place of D. A. McKeith.

MINNESOTA.

Foley—First National Bank; Jno. F. Hall, Pres., in place of Jno. Foley.

Heron Lake—First National Bank; W. H. Jarmuth, Cashier, in place of J. W. Young; O. P. Peterson, Asst. Cashier.

Iona—First National Bank; A. Guilord, Cashier, in place of W. D. White; F. J. Arkell, Asst. Cashier.

Nicollett—Nicollett State Bank; Wm. F. Stege, Cashier, resigned.

St. Paul—State Savings Bank; Kenneth Clark, Vice-Pres., in place of J. D. Ludden, deceased.

Vernon Center—Vernon Center State Bank; D. L. Evans, Cashier, in place of A. E. Quimby.

Welcome—Welcome National Bank; J. W. Wolford, Cashier, in place of A. W. Gamble.

MISSOURI.

Eldon—Citizens' Bank; M. S. Goodrich, Pres.; W. M. Harrison, Cashier.

Harrisonville—Citizens' National Bank; Downing Miller, Pres., in place of N. M. Givan, deceased; Allen Glenn, Vice-Pres., in place of D. Miller.

Marshall—Bank of Saline; R. E. Holloway, Cashier, in place of J. L. Woodbridge.

Nevada—First National Bank; Wooddy Swearingen, Cashier, in place of W. Barnes; no Asst. Cashier in place of W. Swearingen.

St. Joseph—Merchants' Bank; Thos. W. Evans, Pres.; R. L. McDonald, Vice-Pres.; Louis F. Boder, Cashier.

MONTANA.

Billings—Yellowstone National Bank; L. C. Babcock, Vice-Pres., in place of Peter Larson; W. E. Waldron, Cashier, in place of L. C. Babcock.

Kalispell—Kalispell National Bank; C. B. Harris, Pres., in place of J. T. Jones.

NEBRASKA.

Alliance—Alliance National Bank; W. H. Corbin, Vice-Pres.; F. W. Harris, Cashier, in place of C. H. Connett.

Ansley—First National Bank; C. Mackey, Pres., in place of F. H. Young; B. J. Tierney, Vice-Pres., in place of T. T. Varney; T. T. Varney, Cashier, in place of C. Mackey; W. M. Dirks, Asst. Cashier, in place of T. T. Varney.

Atkinson—Atkinson National Bank; E. J. Mack, Cashier, in place of P. J. O'Donnell.

Beaver City—Bank of Beaver City; L. P. Hendricks, Cashier.

Haigler—State Bank of Haigler; succeeded Empire Loan & Trust Co.

Marquette—First National Bank; J. J. Refshauge, Cashier, in place of C. A. Phillips.

Merriman—Anchor Bank; A. C. Blanchard, Cashier.

Scottsbluff—First National Bank; Geo. W. King, Vice-Pres., in place of Chas. A. Morrill.

Tobias—Tobias National Bank; A. Upton, Pres., in place of J. B. Coate; F. P. Steele, Cashier, in place of A. Upton.

NEVADA.

Fairview—Nevada Bank & Trust Co.; S. W. Collins, Pres.

NEW JERSEY.

Asbury Park—Seacoast National Bank; Wm. A. Berry, Cashier.

Belmar—First National Bank; W. A. Berry, Cashier, resigned.

Butler—First National Bank; C. G. Wilson, Pres., in place of C. A. Wilson; O. T. Thorne, Cashier, in place of C. G. Wilson; no Asst. Cashier in place of O. T. Thorne.

Hoboken—First National Bank; Chas. F. Mattlage, Pres., in place of S. B. Dod; Wm. Shippen, Vice-Pres., in place of Chas. F. Mattlage.

Long Branch—Citizens' National Bank; Harry B. Sherman, Cashier.

Newark—City Trust Co.; Chas. Colyer, Pres., in place of Cyrus Peck, deceased; E. S. Carr, Secy. and Treas.

Newton—Newton Trust Co.; Harry E. Griggs, Treas., in place of A. A. Drake.

Sussex—Farmers' National Bank; F. W. Margarum, Pres., in place of C. A. Wilson; no Vice-Pres. in place of F. W. Margarum.

NEW MEXICO.

Hillsboro—Sierra County Bank; A. F. Kerr, Pres.; R. M. Turner, Vice-Pres. and Cashier; Lee H. Crews, Asst. Cashier.

Santa Rosa—First National Bank; no Vice-Pres. in place of L. M. Shely, deceased.

NEW YORK.

Glen Falls—First National Bank; A. W. Sherman, Cashier, in place of E. T. Johnson.

New York City—Beaver National Bank; Gaylord Wilshire, Vice-Pres.—Chatham Bank; Henry P. Doremus, Cashier, deceased.—Consolidated National Bank; Wm. O. Allison, Pres., in place of O. F. Thomas; Thos. J. Lewis, Vice-Pres., in place of W. L. Moyer.—National Bank of Commerce; A. J. Oxenham and Samuel Wilcox, Asst. Cashiers.—National City Bank; Gilson S. Whitson, Vice-Pres., deceased.—Northern Bank; Leo Schlesinger, Pres., in place of Henry Dimse.—Oriental Bank; Hugh Kelly, Pres., in place of R. W. Jones, resigned.—Phoenix National Bank; A. M. Bull, Vice-Pres., in place of Geo. M. Coffin; B. L. Haskins, Cashier, in place of A. M. Bull; H. C. Hooley, Asst. Cashier, in place of B. L. Haskins.—Twelfth Ward Bank; resumed business, November 19.—United States Exchange Bank; resumed business, November 25.

Rockville Centre—First National Bank; Gabriel Toombs, Cashier.

Tully—First National Bank; W. L. Earle, Pres., in place of Frank J. Carr.

NORTH CAROLINA.

Charlotte—Southern Loan and Savings Bank; Jno. M. Scott, Pres.; W. S. Alexander, Vice-Pres.; W. L. Jenkins, Cashier.

Rocky Mount—Planters' Bank; J. W. Aycock, Cashier, in place of L. L. Hardin, resigned.

NORTH DAKOTA.

Abercrombie—First National Bank; O. N. Hatlie, Cashier, in place of H. H. Hafstrom.

Bottineau—Bottineau National Bank; G. K. Vikan, Cashier, in place of W. E. Adams.

Hazelton—Bank of Hazelton; S. E. Kurtz, Pres., in place of G. H. Niles.

Petersburg — Farmers' State Bank; Robt. Woog, Pres., in place of T. J. Nass.

Rolla—First National Bank; G. W. Pow, Vice-Pres.; Robt. Fraser, Cashier, in place of G. W. Pow; F. A. Foley, Asst. Cashier, in place of Robt. Fraser.

OHIO.

Mount Sterling—First National Bank; R. B. Rice, Asst. Cashier.

OKLAHOMA.

Blackwell—State National Bank; C. I. Black, Pres., in place of E. P. Blake; E. P. Blake, Vice-Pres. and Cashier, in place of C. I. Blake and Urban Tracey, respectively; W. C. Vincent, Asst. Cashier.

Cushing — Farmers' National Bank; Guss Howerton, Cashier, in place of M. E. Whipple.

Tuttle—First National Bank; H. C. Abbott, Pres., in place of W. S. Bunting; H. W. Duckwall, Vice-Pres., in place of H. C. Abbott; W. S. Bunting, Cashier, in place of Jno. A. Daugherty.

Waurika—Citizens' National Bank; H. W. Lemons, Pres., in place of B. V. Cummins.

OREGON.

Drain—Bank of Drain; resumed business.

PENNSYLVANIA.

Allentown — Second National Bank; Edw. Harvey, Pres., in place of W. H. Ainey; Thos. E. Ritter, Asst. Cashier.

Ambridge—First National Bank; Jno. R. Miner, Pres., in place of E. E. Patton; W. C. Robinson, Vice-Pres., in place of Jno. R. Miner; no Cashier in place of F. E. Pratt; J. H. Crawford, Asst. Cashier.

Bethlehem — Lehigh Valley National Bank; W. E. Doster, Vice-Pres., in place of G. B. Linderman.

Burgettstown — Burgettstown National Bank; Jno. C. Fulton, Second Vice-Pres.; R. C. Cassidy, Asst. Cashier.

Leechburg—First National Bank; no Asst. Cashier in place of M. W. Bottomfield.

Lemasters—Lemasters National Bank; Ed. B. Diehl, Pres., in place of J. R. Lemaster, deceased.

Leraysville—First National Bank; Chas. Miller, Cashier, in place of J. F. Haigh.

Lewisburg—Lewisburg National Bank; James C. Hacker, Pres., in place of D. B. Miller; Jno. W. Bucher, Cashier; no Asst. Cashier in place of Jno. W. Bucher.

Madera—Madera National Bank; E. B. Mahaffey, Cashier in place of S. C. Steele.

Manheim—Manheim National Bank; H. C. Stauffer, Cashier, in place of H. C. Gingrich.

McKeesport—Union National Bank; J. D. O'Neil, Pres., in place of A. B. Campbell, deceased.

Oakmont—First National Bank; M. W. Bottomfield, Cashier, in place of M. E. Poffinberger.

Patton—First National Bank; no Cashier in place of B. I. Myers; S. B. Hewlett, Asst. Cashier.

Spangler—First National Bank; Jno. E Smith, Asst. Cashier.

Turtle Creek—First National Bank; J W. F. White, Cashier, in place of T. W. Carroll.

SOUTH CAROLINA.

Spartanburg—First National Bank; A. M. Chreitzberg, Cashier, in place of J. W. Simpson; S. B. Jones, Asst. Cashier, in place of A. M. Chreitzberg.

SOUTH DAKOTA.

Hartford—Bank of Hartford; I. C. Kingsbery, Pres.; Wm. H. Wells, Vice-Pres.; Cashier, A. C. Kingsbery.

Hudson—First National Bank; S. F. Hoffman, Cashier, in place of S. N. Cutts; Geo. T. Iverson, Asst. Cashier, in place of S. F. Hoffman.

Sisseton—First National Bank; O. S. Opheim, Cashier, in place of P. L. Ring.

Tyndall—Security Bank; F. F. Chladek, Cashier, in place of Jos. Zitka.

TENNESSEE.

Fayetteville—Elk National Bank; H. E. Dryden, Cashier, in place of Ernest Rees.

Gallatin—People's National Bank; W. Y. Allen, Cashier, in place of W. G. Harris.

Harriman — Manufacturers' National Bank; W. C. Anderson, Cashier, in place of C. F. Smith.

Knoxville—City National Bank; R. E. Mooney, Cashier, in place of W. T. Marfield.

Lewisburg—First National Bank; W. D. Fox, J. A. Marshall and T. L. McAdams, Vice-Pres.'s

Murfreesboro—First National Bank; Jno. E. Richardson, Pres., in place of W. B. Earthman.

Selmer—First National Bank; Jno. T. Warren, Pres., in place of P. H. Thrasher; H. P. Wood, Vice-Pres., in place of Jno. T. Warren.

TEXAS.

Calvert—First National Bank; J. H. Adone, Cashier, in place of A. W. Foster.

Comanche—First National Bank; T. R. Wolmsley, Cashier, in place of A. T. Snoddy.

Eldorado—First National Bank; J. B. Christian, Cashier in place of J. M. Washam; W. O. Alexander, Asst. Cashier.

Enloe—First National Bank; C. E. Anderson, Pres., in place of W. R. Allen.

Gonzales—Farmers' National Bank; H. C. Von Struve, Asst. Cashier.

Houston—South Texas National Bank; C. F. Schultz, Asst. Cashier, in place of S. M. McAshan.

Loraine—W. S. Edmondson & Co.; reorganized; J. H. Gregg, Vice-Pres.; W. L. Edmondson, Cashier; W. S. Altman, Asst. Cashier.

Mineola—First National Bank; J. H. Landers, Pres., in place of O. A. Tunnell.

Moore—Moore National Bank; no Cashier in place of T. H. Mullin.

Ozona—Ozona National Bank; S. E. Couch, Pres., in place of J. W. Henderson.

Paris—First National Bank; W. J. McDonald and P. J. Murphy, Vice-Pres.'s, in place of F. R. Fenett and H. D. McDonald; F. D. Mallory, Asst. Cashier, in place of Jno. A. Monroe; Jno. S. Baker, Asst. Cashier.

Silsbee—Silsbee State Bank; R. L. Weathersby, Pres.; J. N. Collier, Vice-Pres.; T. H. Hunter, Jr., Cashier.

Valley View—First National Bank; Clay Newton, Cashier, in place of R. P. Head.

Vernon — Waggoner National Bank; Robt. Houssels, Pres., in place of W. T. Waggoner.

VERMONT.

Barre—Barre Savings Bank & Trust Co.; Ben A. Eastman, Pres., in place of J. H. Jackson, deceased.

VIRGINIA.

Danville—Commercial Bank; Jno. F. Rison, Pres., in place of Jas. G. Penn; R. W. Peatross, Vice-Pres.; C. L. Booth, Cashier.

WASHINGTON.

Colville—First National Bank; Geo. W. Seal, Asst. Cashier, in place of Burton Laird.

Seattle—Seattle National Bank; Bert Clark, Vice-Pres., in place of Herman Chapin; J. W. Maxwell, Cashier, in place of S. F. Kelley.

WEST VIRGINIA.

Cameron—First National Bank; W. M. Norwell, Pres., in place of S. E. Leech; Clell Nichols, Vice-Pres., in place of W. W. Parry; Harry Elbin, Cashier, in place of C. H. Carpenter; J. I. Elbin, Asst. Cashier.

Hamlin—Lincoln National Bank; W. P. Mahood, Cashier, in place of Albert Young.

Richmond—First National Bank; W. C. Miller, Cashier, in place of J. R. Wallace; D. H. Frye, Asst. Cashier.

Wheeling—National Bank of West Virginia; W. B. Irvine, Vice-Pres. and Cashier, in place of G. A. Wagner.

WISCONSIN.

Beaver Dam—Old National Bank; E. C. McFetridge, Pres., in place of J. S. Rowell, deceased; no Vice-Pres. in place of E. C. McFetridge.

Eau Claire—Union National Bank; no Cashier in place of Geo. T. Thompson, deceased.

Milwaukee—Fidelity Trust Co.; J. Gilbert Hichcox, Secy., in place of Wm. B. Weller, resigned.

Spooner—Bank of Spooner; L. C. Stadler, Pres.; J. H. Gardner, Vice-Pres.; W. H. Cleary, Cashier.

Wanpun—National Bank; no Pres. in place of L. D. Hinkley, deceased.

WYOMING.

Meeteese—First National Bank; Adam Hogg, Cashier, in place of C. M. Wiese.—Wilson Hays & Co.; title changed to State Bank of Meeteese; David Dickie, Vice-Pres.

BANKS REPORTED CLOSED OR IN LIQUIDATION.

CALIFORNIA.

San Francisco—California Safe Deposit & Trust Co.; reported closed.

CONNECTICUT.

Waterbury—Fourth National Bank; in voluntary liquidation, November 18.

IDAHO.

Sand Point—Traders' State Bank; reported closed.

ILLINOIS.

Chicago—Federal National Bank; in voluntary liquidation, November 2.—Ravenswood Exchange Bank; in hands of receiver.

Mansfield—First National Bank; in voluntary liquidation, August 1.

INDIAN TERRITORY.

Sapulpa—Farmers & Merchants' Bank; reported closed.

KANSAS.

Coyville—Coyville State Bank; reported failed.

Garland—Garland State Bank; reported failed.

Mulberry—Citizens' State Bank; reported failed.

MICHIGAN.

Kalamazoo—Bowmans Bank; reported closed.

Richland—Union Bank; reported closed.

NEW YORK.

Brooklyn — First National Bank; in hands of receiver.

NORTH DAKOTA.

Adams—First National Bank; in voluntary liquidation, November 1.

OHIO.

Cincinnati—A. O. Brown & Co.; reported closed.

OKLAHOMA.

Lawton—Merchants & Planters' Bank; reported closed.

PENNSYLVANIA.

California — People's Bank; reported closed.

Mount Pleasant — Farmers & Merchants' National Bank; closed November 29.

TEXAS.

Eagle Lake—Vineyard Walker & Co.; closed.

VIRGINIA.

Portsmouth—People's Bank; in hands of receiver, Jno. T. Griffin.

WISCONSIN.

Marion — German-American National Bank; in voluntary liquidation, November 5.

RUSSIAN POST-OFFICE SAVINGS BANK.

CONSUL T. E. HEENAN, of Odessa, states that although the post-office savings bank system in Russia is of comparatively late origin, it shows a healthy development. The annual increase in the deposits now averages about $46,000,000. The amount on deposit on August 1, 1903, was $501,600,000, and in the same date in 1907 it had reached $686,500,000. As there has not been any real advance in the national prosperity to explain such an increase in the nation's savings, the rush to the savings bank can only be accounted for by the fact of the people not desiring to retain large sums in their homes.

THE BULL IN A CHINA SHOP.

PROF. E. R. A. SELIGMAN recently told the Columbia Graduate History Club of New York that he considered the issue of $100,000,000 Government notes rather an absurd piece of financiering of which the result was uncertain. As to President Roosevelt's responsibility for the recent crash he said:

"The situation when the President stepped in was like a crockery shop which was full of wares, but whose shelves were dilapidated and the wood rotten. Only a slight jar was needed to cause the collapse. The President, instead of entering with slippered feet, came stamping in with his heavy boots and caused the structure to fall. His entrance hastened the crash, but it was bound to happen in a few days or weeks."